

TOWN OF INDEPENDENCE, LOUISIANA
REPORT ON AUDIT
OF GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/17/01

TOWN OF INDEPENDENCE, LOUISIANA

YEAR ENDED JUNE 30, 2001

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Durnin & James

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August 3, 2001

Independent Auditor's Report

Honorable Phillip F. Domiano, Mayor
and the Members of the Board of Aldermen
Town of Independence, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Independence, Louisiana, as of June 30, 2001, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Independence, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Independence, Louisiana, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2001, on our consideration of the Town of Independence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Town of Independence, Louisiana taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the table of contents as supplementary information are presented

TOWN OF INDEPENDENCE, LOUISIANA

for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Independence, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the respective general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Town of Independence, Louisiana.

Respectfully submitted,

Durnin & James

DURNIN & JAMES, CPA's
(A Professional Corporation)

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF INDEPENDENCE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

ASSETS	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	ENTERPRISE		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)	2001	2000
Cash	\$112,997	\$ 313,132	\$ 43,060	\$ 228,407	\$ -	\$ -	\$	\$ 699,248	\$ 806,211	
Investments	75,771	483,628	46,365	31,955	-	-		636,067	343,990	
Receivables (Net, Where Applicable, of Allowances for Uncollectibles):										
Taxes	12,055	59,160	-	14,790	-	-		86,005	56,206	
Accounts	-	-	-	28,020	-	-		28,020	32,782	
Notes	-	384,929	-	-	-	-		384,929	399,001	
Accrued Interest	630	6,463	126	862	-	-		8,081	6,261	
Other	-	-	-	-	-	-		-	-	
Due from Other Governments	4,772	-	-	-	-	-		4,772	15,129	
Due from Other Funds	50,386	33,791	25,759	24,594	-	-		134,530	108,988	
Restricted Funds:										
Cash	-	-	-	89,236	-	-		89,236	115,939	
Investments	-	-	-	60,309	-	-		60,309	10,000	
Fixed Assets (Net, Where Ap- plicable, of Accumulated Depreciation)	-	-	-	3,229,718	657,095	-		3,886,813	3,933,423	
Amount Available in Debt Service Funds	-	-	-	-	-	125,424		125,424	86,708	
Amount to be Provided for General Long-Term Debt Retirement	-	-	-	-	-	309,576		309,576	394,292	
Total Assets	\$256,611	\$1,281,103	\$115,310	\$3,707,891	\$657,095	\$435,000		\$6,453,010	\$6,308,930	
LIABILITIES										
Accounts Payable	\$ 39,380	\$ 6,135	\$ -	\$ 2,967	\$ -	\$ -	\$	\$ 48,482	\$ 39,142	
Accrued Payroll and Payroll Taxes Payable	13,950	-	-	-	-	-		13,950	3,659	
Due to Other Funds	32,791	26,327	25,759	49,653	-	-		134,530	108,988	
Deferred Revenues	-	-	-	-	-	-		-	-	
Sales Tax Collection Fee Payable	-	184	-	119	-	-		303	288	
Construction Contract Payable	-	-	-	-	-	-		-	-	
Accrued Employee Leave	6,545	-	-	-	-	-		6,545	6,545	

(CONTINUED)

EXHIBIT A
(CONTINUED)

TOWN OF INDEPENDENCE

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

June 30, 2001

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	ACCOUNT GROUPS			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	ENTERPRISE		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)		
								2001	2000	
LIABILITIES (CONTINUED)										
Payable from Restricted Assets:										
Revenue Bonds	-	-	-	33,434	-	-	33,434	31,976		
Accrued Interest	-	-	-	1,660	-	-	1,660	1,660		
Customers' Deposits	-	-	-	19,210	-	-	19,210	17,145		
General Obligation Bonds Payable	-	-	-	-	-	142,000	142,000	159,000		
Revenue Bonds Payable	-	-	-	990,349	-	-	990,349	1,023,907		
Capital Lease Obligation	-	-	-	-	-	-	-	-		
Obligation Under Grant Agreement	-	-	-	-	-	293,000	293,000	322,000		
Certificate of Indebtedness	-	-	-	-	-	-	-	-		
Note Payable	-	-	-	-	-	-	-	-		
Total Liabilities	\$ 92,666	\$ 32,646	\$ 25,759	\$ 1,097,392	\$ -	\$ 435,000	\$ 1,683,463	\$ 1,714,210		
FUND EQUITY										
Contributed Capital	\$ -	\$ -	\$ -	\$ 2,678,562	\$ -	\$ -	\$ 2,678,562	\$ 2,678,562		
Investment in General Fixed Assets	-	-	-	-	657,095	-	657,095	625,881		
Retained Earnings:										
Reserved for Bond Retirement	-	-	-	95,241	-	-	95,241	75,158		
Unreserved - Undesignated (Deficit)	-	-	-	(163,304)	-	-	(163,304)	(138,718)		
Fund Balances:										
Reserved for Debt Service	-	-	89,551	-	-	-	89,551	86,895		
Unreserved - Designated	-	729,454	-	-	-	-	729,454	704,842		
Unreserved - Undesignated	163,945	519,003	-	-	-	-	682,948	562,100		
Total Fund Equity	\$ 163,945	\$ 1,248,457	\$ 89,551	\$ 2,610,499	\$ 657,095	\$ -	\$ 4,769,547	\$ 4,594,720		
Total Liabilities and Fund Equity	\$ 256,611	\$ 1,281,103	\$ 115,310	\$ 3,707,891	\$ 657,095	\$ 435,000	\$ 6,453,010	\$ 6,308,930		

The accompanying notes are an integral part of this statement.

TOWN OF INDEPENDENCE

EXHIBIT B

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2001

	GOVERNMENTAL FUND TYPES			TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	(MEMORANDUM ONLY)	
				2001	2000
Revenues:					
Taxes	\$ 94,074	\$ 367,402	\$ -	\$ 461,476	\$ 409,360
Licenses and Permits	150,357	-	-	150,357	133,503
Intergovernmental	40,483	-	-	40,483	58,338
Fines and Forfeits	16,043	-	-	16,043	4,398
Solid Waste	75,302	-	-	75,302	75,626
Interest	6,276	52,196	4,776	63,248	48,228
On behalf payments by state	22,500	-	-	22,500	25,200
Miscellaneous	37,246	-	-	37,246	27,532
Total Revenues	\$ 442,281	\$ 419,598	\$ 4,776	\$ 866,655	\$ 782,185
Expenditures:					
Current:					
General Government	\$ 221,477	\$ 9,252	\$ -	\$ 230,729	\$ 211,755
Public Safety	244,477	-	-	244,477	232,375
Streets and Parks	97,107	-	-	97,107	104,707
Solid Waste	87,307	-	-	87,307	90,823
Health and Safety	-	-	-	-	-
Other	12,048	-	-	12,048	4,653
Capital Outlay	41,438	-	-	41,438	56,301
Debt Service	13,520	-	71,123	84,643	71,408
Total Expenditures	\$ 717,374	\$ 9,252	\$ 71,123	\$ 797,749	\$ 772,072
Excess (Deficiency) of Revenues Over Expenditures	(275,093)	410,346	(66,347)	68,906	(10,163)
Other Financing Sources (Uses):					
Operating Transfers In	\$ 332,823	\$ -	\$ 69,003	\$ 401,826	\$ 322,405
Operating Transfers Out	(277)	(351,622)	-	(351,899)	(289,231)
Bond Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 332,546	\$ (351,622)	\$ 69,003	\$ 49,927	\$ 33,174
Excess (Deficiency) of Revenues and Other Sources Over Expendi- tures and Other Uses- Before Prior Period Adjustment	\$ 57,453	\$ 58,724	\$ 2,656	\$ 118,833	\$ 43,337
Prior Period Adjustments:					
Sales Tax Accrual	-	29,330	-	29,330	(15,429)
Change In Fund Balance	57,453	88,054	2,656	148,163	27,908
Fund Balances at Beginning of Year	106,492	1,160,403	72,395	1,339,290	1,325,929
Fund Balances at End of Year	\$ 163,945	\$ 1,248,457	\$ 75,051	\$ 1,487,453	\$ 1,353,837

The accompanying notes are an integral part of this statement.

TOWN OF INDEPENDENCE

EXHIBIT C

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS)
AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended June 30, 2001

	GENERAL FUND				SPECIAL REVENUE FUND				TOTAL			
	ACTUAL		VARIANCE -		ACTUAL		VARIANCE -		ACTUAL		VARIANCE	
	REVISED	(BUDGETARY	FAVORABLE	(UNFAVORABLE)	REVISED	(BUDGETARY	FAVORABLE	(UNFAVORABLE)	REVISED	(BUDGETARY	FAVORABLE	(UNFAVORABLE)
	BUDGET	BASES)			BUDGET	BASES)			BUDGET	BASES)		
Revenues:												
Taxes	\$ 85,733	\$ 94,074	\$ 8,341	\$ 316,000	\$ 367,402	\$ 51,402	\$ 401,733	\$ 461,476	\$ 59,743			
Licenses and Permits	118,400	150,357	31,957	-	-	-	118,400	150,357	31,957			
Intergovernmental	32,454	40,483	8,029	-	-	-	32,454	40,483	8,029			
Fines and Forfeits	15,000	16,043	1,043	-	-	-	15,000	16,043	1,043			
Solid Waste	75,616	75,302	(314)	-	-	-	75,616	75,302	(314)			
Interest	8,000	6,276	(1,724)	39,950	52,196	12,246	47,950	58,472	10,522			
On behalf payments by state	25,200	22,500	(2,700)	-	-	-	25,200	22,500	(2,700)			
Miscellaneous	25,200	37,246	12,046	-	-	-	25,200	37,246	12,046			
Total Revenues	\$ 385,603	\$ 442,281	\$ 56,678	\$ 355,950	\$ 419,598	\$ 63,648	\$ 741,553	\$ 861,879	\$ 120,326			
Expenditures:												
Current:												
General Government	\$ 202,965	\$ 221,477	\$ (18,512)	\$ 24,400	\$ 9,252	\$ 15,148	\$ 227,365	\$ 230,729	\$ (3,364)			
Public Safety	253,242	244,477	8,765	-	-	-	253,242	244,477	8,765			
Streets and Parks	104,126	97,107	7,019	-	-	-	104,126	97,107	7,019			
Solid Waste	86,723	87,307	(584)	-	-	-	86,723	87,307	(584)			
Health and Safety	-	-	-	-	-	-	-	-	-			
Other	18,287	12,048	6,239	-	-	-	18,287	12,048	6,239			
Capital Outlay	105,600	41,438	64,162	-	-	-	105,600	41,438	64,162			
Debt Service	7,612	13,520	(5,908)	-	-	-	7,612	13,520	(5,908)			
Total Expenditures	\$ 778,555	\$ 717,374	\$ 61,181	\$ 24,400	\$ 9,252	\$ 15,148	\$ 802,955	\$ 726,626	\$ 76,329			
Excess (Deficiency) of												
Revenues Over	\$ (392,952)	\$ (275,093)	\$ 117,859	\$ 331,550	\$ 410,346	\$ 78,796	\$ (61,402)	\$ 135,253	\$ 196,655			
Expenditures												
Other Financing Sources (Uses):												
Operating Transfers In	364,962	332,823	(32,139)	2,400	-	(2,400)	367,362	332,823	(34,539)			
Operating Transfers Out	(8,400)	(277)	8,123	(366,847)	(351,622)	15,225	(375,247)	(351,899)	23,348			
Loan Proceeds	-	-	-	-	-	-	-	-	-			
Excess (Deficiency) of												
Revenues and Other Sources												
Over Expenditures and												
Other Uses - Before Prior	\$ (36,390)	\$ 57,453	\$ 93,843	\$ (32,897)	\$ 58,724	\$ 91,621	\$ (69,287)	\$ 116,177	\$ 185,464			
Period Adjustments												

TOWN OF INDEPENDENCE

EXHIBIT C
(CONTINUED)

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS)
AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES (CONTINUED)

For the Year Ended June 30, 2001

	GENERAL FUND			SPECIAL REVENUE FUND			TOTAL		
	VARIANCE -			VARIANCE -			(MEMORANDUM ONLY)		
	REVIS	ACTUAL	(BUDGETARY	REVIS	ACTUAL	(BUDGETARY	REVIS	ACTUAL	(BUDGETARY
	BUDGET	BASIS)	FAVORABLE	BUDGET	BASIS)	FAVORABLE	BUDGET	BASIS)	FAVORABLE
		(UNFAVORABLE)			(UNFAVORABLE)			(UNFAVORABLE)	
Prior Period Adjustments:									
Sales Tax Accrual	-	-	-	-	29,330	29,330	-	29,330	29,330
Change in Fund Balances	(36,390)	57,453	93,843	(32,897)	88,054	120,951	(69,287)	145,507	214,794
Fund Balances at Beginning of Year	106,492	106,492	-	1,160,404	1,160,403	(1)	1,255,896	1,255,895	(1)
Fund Balances at End of Year	\$ 70,102	\$ 163,945	\$ 93,843	\$ 1,127,507	\$ 1,248,457	\$ 120,950	\$ 1,197,609	\$ 1,412,402	\$ 214,793

The accompanying notes are an integral part of this statement.

TOWN OF INDEPENDENCE

EXHIBIT D

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE

For the Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating Revenues:		
Charges for Services:		
Water and Other Services	\$ 278,086	\$ 279,868
Delinquent Charges	7,094	6,835
Connection Fees	950	1,251
Miscellaneous	-	-
Total Operating Revenues	<u>\$ 286,130</u>	<u>\$ 287,954</u>
Operating Expenses:		
Salaries	\$ 65,542	\$ 45,798
Employee Retirement and Medicare	2,806	1,430
Office Expense	4,974	3,314
Repairs and Maintenance	27,684	41,852
Fuel for Equipment	4,831	5,490
Operating Supplies	2,313	9,049
Utilities	68,131	51,945
Insurance	5,768	5,332
Professional Fees	15,974	30,666
Miscellaneous Expenses	35	60
Sales Tax Collector Fee Expense	594	528
Sewer Plant Expense	13,678	5,767
Depreciation	103,044	101,939
Bad Debts	5,586	96
Engineering Fees	<u>15,145</u>	<u>-</u>
Total Operating Expenses	<u>\$ 336,105</u>	<u>\$ 303,266</u>
Operating Income (Loss)	\$ (49,975)	\$ (15,312)
Nonoperating Income (Expense):		
Interest Earned	19,921	13,296
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	91,851	77,266
Interest Paid	(47,857)	(49,346)
State Grant	<u>24,430</u>	<u>-</u>
Income (Loss) Before Operating Transfers	\$ 38,370	\$ 25,904
Operating Transfers In	-	-
Operating Transfers Out	<u>(50,204)</u>	<u>(33,173)</u>
Net Income (Loss)	\$ (11,834)	\$ (7,269)
Retained Earnings (Deficit) at Beginning of Year	(63,562)	(56,291)
Prior Period Adjustment	<u>7,333</u>	<u>-</u>
Retained Earnings (Deficit) at End of Year	<u>\$ (68,063)</u>	<u>\$ (63,560)</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE

For the Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ (49,975)	\$ (15,312)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	103,044	101,939
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(787)	(1,081)
(Increase) Decrease in Accrued Interest Receivable	(5,915)	(4,842)
(Increase) Decrease in Sales Tax Receivable	(153)	50
Increase (Decrease) in Provision for Bad Debts	5,549	96
Increase (Decrease) in Accounts Payable	390	(79)
Increase (Decrease) in Customer Deposits Payable	2,065	885
Increase (Decrease) in Accrued Expenses	-	32
Increase (Decrease) in Sales Tax Collection Fee Payables	<u>59</u>	<u>-</u>
Total Adjustments	\$ <u>104,252</u>	\$ <u>97,000</u>
Net Cash Used in Operating Activities	\$ <u>54,277</u>	\$ <u>81,688</u>
Cash Flows From Noncapital Financing Activities:		
(Increase) Decrease in Due from Other Funds	\$ 906	\$ (23,188)
Increase (Decrease) in Due to Other Funds	(3,269)	(5,461)
(Increase) Decrease in Due from Other Governments	-	-
Operating Transfer In	-	-
Operating Transfers Out	<u>(50,204)</u>	<u>(33,173)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ <u>(52,567)</u>	\$ <u>(61,822)</u>
Cash Flows From Capital and Related Financing Activities:		
Construction of Capital Assets	(23,220)	(10,814)
Proceeds from sale of Bond Anticipation Notes	-	-
Purchase of Equipment	(2,000)	(5,454)
Proceeds from Sale of Sewer Revenue Bonds	-	-
Capital Lease Obligation Principal Paid	-	-
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	91,851	77,266
Prior Period Adjustments - GASB 33	7,333	-
Revenue Bond Principal Paid	(32,000)	(30,560)
Interest Paid	(47,857)	(49,346)
Purchase of Land	-	-
Capital Grants Received	<u>24,430</u>	<u>9,400</u>
Net Cash Provided by Capital and Related Financing Activities	\$ (18,537)	\$ (9,508)
Cash Flows From Investing Activities:		
Interest Earned on Investments	\$ 19,921	\$ 13,296
Purchase of Investments	(92,264)	(80,000)
Proceeds From Maturities of Investments	<u>40,000</u>	<u>80,000</u>
Net Cash Provided by Investing Activities	\$ <u>(32,343)</u>	\$ <u>13,296</u>

(CONTINUED)

TOWN OF INDEPENDENCE

EXHIBIT E
(CONTINUED)STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE (CONTINUED)

For the Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Increase (Decrease) in Cash	\$ (12,096)	\$ 23,654
Cash at Beginning of Year	<u>329,739</u>	<u>306,085</u>
Cash at End of Year	<u>\$ 317,643</u>	<u>\$ 329,739</u>
Reconciliation of Cash Accounts:		
Unrestricted Cash	\$ 228,407	\$ 213,800
Restricted Cash	<u>89,236</u>	<u>115,939</u>
Total Cash	<u>\$ 317,643</u>	<u>\$ 329,739</u>

The accompanying notes are an integral part of this statement.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

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TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS

June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Independence, Louisiana (the "Town") was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The Town provides the following services: public safety (police and fire), streets, drainage, sanitation, culture-recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer services.

The accounting and reporting policies of the Town of Independence conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

A. FINANCIAL REPORTING ENTITY

As the governing authority of the Town, for reporting purposes, the Town of Independence is the financial reporting entity for Independence, Louisiana. The financial reporting entity consists of (a) primary government (council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Independence for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town Council to impose its will on that organization; and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town Council.
2. Organizations for which the Town Council does not appoint a voting majority but are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Based on the application of the above criteria, it was determined the Town of Independence has no potential component unit. As a result, this report includes all funds and account groups which are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

B. FUND ACCOUNTING

The accounts of the Town of Independence are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

PROPRIETARY FUND

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. PROPERTY, PLANT AND EQUIPMENT AND LONG-TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheet.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility -	
Wells	20 Years
Storage Tanks	40 Years
Lines and Meters	40 Years
Sewerage Utility -	
Pump Stations	20 Years
Lines	40 Years
Trucks and Equipment	5 Years
Garbage Collection System	10 Years

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The Town capitalizes the amount of interest paid during the construction of a project and then amortizes, over the useful life of the asset, the interest capitalized.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued (Note (1)H); (2) principal and interest on long-term debt which is recognized when due; and (3) expendable operating supplies which are recorded as expenditures at the time of purchase under the "purchase method" (Note (1)G).

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled utility services receivable for the Water and Sewer Enterprise Fund are not recorded at year end as the amount is not material. The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for the year ended June 30, 2001, was submitted to the Board of Aldermen on June 13, 2000.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. The proposed budget for the year ended June 30, 2001, was published in the official journal on June 18, 2000.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. A public hearing on the proposed budget for the year ended June 30, 2001, was held on June 29, 2000.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance. The proposed budget for the year ended June 30, 2001, was adopted by ordinance on June 29, 2000.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. The budget for the year ended June 30, 2001, was amended on March 12, 2001.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). A budget was also adopted for the Water and Sewer Enterprise Fund. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

F. CASH AND INVESTMENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

As reflected on Exhibit A, the Town of Independence has cash totaling \$699,248 and investments totaling \$636,067 at June 30, 2001. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the Town. The following is a summary of cash and investments (bank balances) at June 30, 2001, with the related federal deposit insurance and pledged securities:

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	CONFIRMED BANK BALANCES <u>June 30, 2001</u>	FDIC <u>INSURANCE</u>	BALANCE <u>UNINSURED</u>
Cash:			
Demand Deposits	\$ -	\$ -	\$ -
Interest Bearing Demand Deposits	832,815	100,000	732,815
Time Deposits	<u>5,890</u>	<u>-</u>	<u>5,890</u>
Total Cash	\$ 838,705	\$100,000	\$ 738,705
Investments:			
Certificates of Deposit	<u>696,377</u>	<u>100,000</u>	<u>596,377</u>
Total	\$1,535,082	\$200,000	\$1,335,082
Uncollateralized - Securities in the Name of and Held by the Fiscal Agent Pledged to the Town			<u>1,721,575</u>
Excess of FDIC Insurance and Pledged Securities over Cash and Investment Bank Balances			<u>\$ 386,493</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

G. INVENTORY

The Town utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The Town did not record any inventory at June 30, 2001, as the amount is not material.

H. ACCUMULATED COMPENSATED ABSENCES

The Town's policy is to allow employees' vacation pay based on employee classification and length of service. Vacation pay is non-cumulative with any unpaid amounts paid to employees upon separation from Town's service. In governmental funds, the cost of vacation pay is recognized when payments are made to employees. No liability has been recorded in the Water and Sewer Enterprise Fund for unused vacation pay at June 30, 2001, as the amount is not material.

The Town's employees earn sick pay benefits based on length of service. Employees may accumulate sick leave benefits up to a maximum of 360 days. Sick pay benefits have not been accrued as the employee's right to sick pay benefits, although cumulative, do not vest.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. PENSION PLANS

The Town has two pension plans which cover all of the Town's employees. Both pension plans are joint contributory defined contribution plans administered by the statewide Louisiana Municipal Employees' Retirement System and the statewide Louisiana Municipal Police Employees Retirement System. Both pension plans are funded by contributions from employees through payroll withholding deductions and matching contributions from the Town (Notes 12 and 13).

J. RESERVES AND DEDICATIONS OF FUND EQUITY

The Town records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the Town.

	BALANCE AT <u>June 30, 2001</u>
Reserves of Fund Balance/Fund Equity:	
a. Debt Service Funds	
(1) Reserved for General Obligation Bond Debt Service	\$ 89,551
b. Water and Sewer Enterprise Fund	
(1) Reserved for Revenue Bond Debt Service	\$102,574
Dedications of Fund Balance:	
a. Special Revenue Funds	
(1) Dedicated for Economic Development	\$100,011
(2) Dedicated for Historical District Renovations	<u>629,443</u>
	<u>\$921,579</u>

K. PAYABLE FROM RESTRICTED ASSETS

Certain assets of the Independence Water and Sewer System have been restricted for payment of the following:

	BALANCE AT <u>June 30, 2001</u>
Utility Customer Deposits	\$ 19,210
Revenue Bonds Payable	33,434
Accrued Bond Interest Payable	<u>1,660</u>
	<u>\$ 54,304</u>

L. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Uncollectible amounts due for ad valorem taxes, customers' utility receivables and innovative housing program notes receivables are recognized as bad debts

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at June 30, 2001.

BALANCE AT
June 30, 2001

a. General Fund	
(1) Allowance for Uncollectible Ad Valorem Tax Receivable	\$ <u>20,324</u>
b. Special Revenue Funds	
(1) Allowance for Uncollectible Innovative Housing Program Notes Receivable	\$ <u>11,406</u>
c. Water and Sewer Enterprise Fund	
(1) Allowance for Uncollectible Water and Sewer Fees	\$ <u>15,027</u>

M. COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

N. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. STATEMENT OF CASH FLOWS

In accordance with Governmental Accounting Standards Board Statement No. 9, the Town is presenting a statement of cash flows. For purposes of the statement of cash flows, the Water and Sewer Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. **TAX REVENUES**

A sales tax of two and one-half percent is levied by the Town on taxable sales within the Town. The sales tax is collected by the Tangipahoa Parish School Board, Sales Tax Division, and remitted to the Town in the month following receipt by the School Board. The School Board receives the sales tax approximately one month after collection by vendors. Sales taxes collected in June and July (which represent sales for May and June) and received by the Town in July and August have been

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

accrued and are included under the caption "Sales Tax Receivable".

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Tangipahoa Parish.

For the year ended June 30, 2001, taxes of 16.64 mills were levied on property with taxable assessed valuations totaling \$5,732,433 and were dedicated to the following purposes:

General Corporate Purposes	6.23 Mills
Police Department	5.21 Mills
Fire Department	<u>5.20 Mills</u>
	<u>16.64 Mills</u>

Total taxes levied were \$95,388. Taxes receivable were \$21,247 at June 30, 2001. The allowance for uncollectible ad valorem taxes totaled \$20,324 at June 30, 2001.

3. INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds at June 30, 2001:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Special Revenue Funds	\$ 25,327	\$ 32,791
Sewer Enterprise Fund	-	3,606
Water Enterprise Fund	<u>28,666</u>	-
Total General Fund	<u>\$ 53,993</u>	<u>\$ 36,397</u>
Special Revenue Funds:		
General Fund	\$ 32,791	\$ 25,327
Special Revenue Funds	1,000	1,000
Debt Service Funds	-	-
Total Special Revenue Funds	<u>\$ 33,791</u>	<u>\$ 26,327</u>
Sewer Enterprise Fund:		
Water Enterprise Fund	\$ 20,987	\$ -
General Fund	<u>3,606</u>	-
Total Sewer Enterprise Fund	<u>\$ 24,593</u>	<u>\$ -</u>
Water Enterprise Fund:		
Sewer Enterprise Fund	\$ -	\$ 20,987
General Fund	-	<u>28,666</u>
Total Water Enterprise Fund	<u>\$ -</u>	<u>\$ 49,653</u>
Debt Service Funds:		
Debt Service	\$ 25,759	\$ -

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Certificate of Indebtedness	<u>-</u>	<u>25,759</u>
Total Debt Service Funds	<u>\$ 25,759</u>	<u>\$ 25,759</u>
 Total All Funds	 <u>\$138,136</u>	 <u>\$138,136</u>

4. INTERFUND TRANSFERS

The following is a summary of the operating transfers between funds during the fiscal year ended June 30, 2001:

	<u>TRANSFERS IN</u> <u>FROM</u>	<u>TRANSFERS OUT</u> <u>TO</u>
General Fund:		
General Fund	\$ -	\$ -
1996 Sales Tax Fund	160,000	-
1982 Sales Tax Fund	122,612	-
L.H.F.A. Rehab Fund	7	-
Water Enterprise Fund	50,204	-
Law Enforcement Equipment	-	277
Total General Fund	<u>\$ 332,823</u>	<u>\$ 277</u>
Special Revenue Funds:		
General Fund	\$ -	\$ 282,612
Debt Service Funds	-	69,003
Enterprise Fund	-	-
Special Revenue Fund	-	-
L.H.F.A. Rehab Fund	-	7
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 351,622</u>
Debt Service Funds:		
Special Revenue Funds	<u>\$ 69,003</u>	<u>\$ -</u>
Total Debt Service Funds	<u>\$ 69,003</u>	<u>\$ -</u>
Law Enforcement Equipment Fund:		
General Fund	<u>\$ 277</u>	<u>\$ -</u>
Total Law Enforcement Equip	<u>\$ 277</u>	<u>\$ -</u>
Enterprise Fund:		
General Fund	\$ -	\$ 50,204
Special Revenue Funds	-	-
Total Enterprise Fund	<u>\$ -</u>	<u>\$ 50,204</u>
Total All Funds	<u>\$ 402,103</u>	<u>\$ 402,103</u>

5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2001, consisted of the

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

following:

	General Fund
Beer Tax Due from the State of Louisiana	\$ 2,649
Tobacco Tax Due from the State of Louisiana	2,123
Due from Rural Fire Protection	<u>-</u>
TOTAL	<u>\$ 4,772</u>

6. RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2001:

\$290,000 Revenue Bond Debt Service - Cash	\$ 24,861
\$102,000 Revenue Bond Debt Service - Cash	45,165
\$102,000 Revenue Bond Debt Service - Investments	60,309
Customers' Deposits - Cash	<u>19,210</u>
Total Restricted Assets	<u>\$149,545</u>

7. GENERAL FIXED ASSETS ACCOUNT GROUP

A summary of changes in general fixed assets follows:

	BALANCE JULY 1, 2000	CURRENT YEAR ADDITIONS	DELETIONS	BALANCE JUNE 30, 2001
Land	\$ 64,500	\$ -	\$ -	\$ 64,500
Buildings	340,081	24,730	-	364,811
Machinery, Equipment and Vehicles	<u>221,300</u>	<u>6,484</u>	<u>-</u>	<u>227,784</u>
Total General Fixed Assets	<u>\$625,881</u>	<u>\$ 31,214</u>	<u>\$ -</u>	<u>\$657,095</u>

8. PROPRIETARY FUND PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, plant and equipment at June 30, 2001, follows:

	Water	Sewer	Total
Wells	\$ 138,603	\$ -	\$ 138,603
Pumping Stations and Equipment	-	50,000	50,000
Storage Tank	50,000	-	50,000
Sewerage Lift Stations	-	100,000	100,000
Water and Sewer Lines, etc.	746,348	3,399,362	4,145,710
Vehicles and Equipment	<u>50,518</u>	<u>2,000</u>	<u>52,518</u>
Total Fixed Assets	\$ 985,469	\$3,551,362	\$4,536,831
Less: Accumulated Depreciation	<u>685,340</u>	<u>691,581</u>	<u>1,376,921</u>
	\$ 300,129	\$2,859,781	\$3,159,910

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Land	29,100	40,708	69,808
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>
Net Fixed Assets	<u>\$ 329,229</u>	<u>\$2,900,489</u>	<u>\$3,229,718</u>

All items of plant and equipment acquired prior to 1967, except land, have been stated at estimated historical cost. The depreciation accumulated to 1967 has also been estimated. Acquisitions after 1967 are stated at historical cost. Depreciation expense on the proprietary fund type property, plant and equipment for the year ended June 30, 2001, totaled \$103,044.

9. CHANGES IN LONG-TERM DEBT

The following is a summary of debt transactions of the Town of Independence for the year ended June 30, 2001:

	DEBT PAYABLE JULY 1, 2000	INCREASE IN DEBT	DEBT RETIRED	DEBT PAYABLE JUNE 30, 2001
Certificate of Obligation	\$ 322,000	\$ -	\$ 29,000	\$ 293,000
Sales Tax Refunding Bonds	159,000	-	17,000	142,000
Revenue Bonds	1,055,783	-	32,000	1,023,783
Capital Lease Obligation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,536,783</u>	<u>\$ -</u>	<u>\$ 78,000</u>	<u>\$1,458,783</u>

Long-term debt payable at June 30, 2001, is comprised of the following:

Certificate of Indebtedness:

\$350,000 of Certificates of Indebtedness,
Series 1999, Independence, Louisiana,
dated May 3, 1999; due in bi-annual
installments of \$39,523 - \$45,761
through 1/1/2009; Interest at 4.98%;
(Secured by a pledge and dedication
of excess revenues of the Town above
statutory, necessary and usual charges) \$293,000

A schedule of the outstanding certificate of obligation and the principal and interest requirements are as follows:

YEAR ENDED JUNE 30,	2001 CERTIFICATE OF INDEBTEDNESS		
	PRINCIPAL	INTEREST	TOTAL
2002	31,000	13,820	44,820
2003	32,000	12,251	44,251
2004	34,000	10,607	44,607
2005	36,000	8,864	44,864
2006	37,000	7,047	44,047
2007	39,000	5,154	44,154
2008	41,000	3,162	44,162
2009	<u>43,000</u>	<u>1,071</u>	<u>44,071</u>

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$293,000 \$ 61,976 \$354,976

General Obligation Bonds:

\$244,000 Sales Tax Refunding Bonds Dated
10/20/94; Due in Bi-annual Installments
of \$12,000 - \$25,000 Through 6/1/2008;
Interest at 6.1% (Payable from a
Pledge of the Town's 1982 1% Sales and
Use Tax) \$142,000

A schedule of the outstanding General Obligation Bonds and the principal and interest requirements are as follows:

<u>DUE DATES</u>	1994 <u>PUBLIC IMPROVEMENT BONDS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	17,000	8,662	25,662
2003	18,000	7,625	25,625
2004	19,000	6,527	25,527
2005	19,000	5,368	24,368
2006	21,000	4,209	25,209
2007	23,000	2,928	25,928
2008	<u>25,000</u>	<u>1,525</u>	<u>26,525</u>
	<u>\$ 142,000</u>	<u>\$ 36,844</u>	<u>\$ 178,844</u>

Revenue Bonds:

\$102,000 Revenue Bonds Dated 4/21/80;
Due in Annual Installments of \$3,000 -
\$7,000 Through 4/21/2005; Interest at 5% \$ 25,000

\$290,000 Public Improvement Bonds
Dated 4/21/80; Due in Annual Install-
ments of \$6,000 - \$20,000 Through
4/21/2004; Interest at 5% (Payable
From a Pledge of the Town's Special
½% Sales and Use Tax) 57,000

\$975,000 Revenue Bonds Dated 12/16/97;
Due in monthly Installments of \$4,387.50
through 12/16/2037; Interest at 4.5%
(Payable from a Pledge of the Town's
income and revenues of the Sewerage
System) 941,784
\$1,023,784

A schedule of the outstanding Enterprise Fund Revenue Bonds and the principal and interest requirements are as follows:

	<u>\$975,000</u> <u>REVENUE BONDS</u>	<u>\$102,000</u> <u>REVENUE BONDS</u>	<u>\$290,000</u> <u>REVENUE BONDS</u>	<u>TOTAL</u>
06/30/2002	52,650	7,250	20,850	80,750

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

06/30/2003	52,650	6,950	20,950	80,550
06/30/2004	52,650	6,650	21,000	80,300
06/30/2005	52,650	7,350	-	60,000
Thereafter	<u>1,711,125</u>	<u>-</u>	<u>-</u>	<u>1,711,125</u>
Total	1,921,725	28,200	62,800	2,012,725
Less interest	<u>979,941</u>	<u>3,200</u>	<u>5,800</u>	<u>988,941</u>
	<u>\$ 941,784</u>	<u>\$ 25,000</u>	<u>\$ 57,000</u>	<u>\$1,023,784</u>

Recap of Revenue Bonds Outstanding:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$975,000 Revenue Bonds	\$ 941,784	\$ 979,941	\$1,921,725
\$102,000 Revenue Bonds	25,000	3,200	28,200
\$290,000 Revenue Bonds	<u>57,000</u>	<u>5,800</u>	<u>62,800</u>
	<u>\$1,023,784</u>	<u>\$ 988,941</u>	<u>\$2,012,725</u>

10. DEDICATION OF PROCEEDS OF FLOW OF FUNDS - SALES AND USE TAX

A. 1966 1% SALES AND USE TAX (SPECIAL REVENUE FUND)

The proceeds of the 1966 1% sales and use tax levied by the Town of Independence (current collections were \$183,701 for the year ended June 30, 2001) are dedicated as follows:

The Town, through its governing authority, adopted a resolution on March 14, 1967, authorizing the issuance of \$260,000 of Public Improvement Bonds and entering into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the sales and use tax were irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The bond resolution requires that the proceeds of the special one percent (1%) sales and use tax now being levied and collected by the Town is to be deposited with the Town's fiscal agent bank in a Sales Tax Fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax (\$1,000.00 is to be retained in the Sales Tax Fund for operating expenses) certain monthly payments must be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund and the Sales Tax Bond Reserve Fund, which must be established with the Town's fiscal agent bank. The payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until March 1992, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund. Payments into the Reserve Fund will cease after the amount of \$18,655 has been accumulated therein. No payments into the Reserve Fund will be due if the bonds would require withdrawals from this Fund for the purpose of paying maturing

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

principal and interest on the bonds.

Any monies remaining in the Sales Tax Fund on the 20th day of each month in excess of \$1,000 retained for operating expenses and after making the required payments into the Bond Sinking Fund and the Bond Reserve Fund for the current month and for prior months during which the required payments may not have been made, is considered as surplus.

Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

As of April 1, 1992, these March 14, 1967 Public Improvement Bonds were paid in full and the sales tax is no longer dedicated for payment of these bonds. Balances in the Sales Tax 1966 Debt Service Fund were transferred to the 1966 Sales Tax Fund by a residual equity transfer.

B. 1980 ½% SALES AND USE TAX (ENTERPRISE FUND)

The proceeds of the 1980 ½% sales and use tax levied by the Town of Independence (current collections were \$91,851, for the year ended June 30, 2001) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works for the Town.

The Town, through its governing authority, adopted a resolution on February 25, 1980, authorizing the issuance of \$290,000 Public Improvement Bonds and entering into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the ½% sales and use tax were irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The ½% sales and use tax levied and collected by the Town is to be deposited in a separate Sales Tax 1980 Fund. After the payment of all reasonable and necessary costs and expenses of collecting the tax, certain monthly payments must be made from the Sales Tax 1980 Fund to the Sales Tax 1980 Bond Sinking Fund and the Sales Tax 1980 Bond Reserve Fund, which have been established with the Town's fiscal agent bank. The payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until March 2004, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

Payments in the Reserve Fund will cease after the amount of \$21,950 has been accumulated therein. No payments into the Reserve Fund will be due after accumulation of \$21,950, unless there is a default in connection with the payment of the bonds which requires withdrawal from this Fund for the purpose of paying maturing principal and interest on the bonds. Any monies remaining in the Sales Tax 1980 Fund on the 20th day of each month after making the required payments into the Bond Sinking Fund 1980 and the Bond Reserve Fund

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1980 for the current month and for prior months during which the required payments may not have been made, is considered as surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

Balances in the Sales Tax 1980 Sinking Fund and Sales Tax 1980 Reserve Fund were in accordance with the bond covenants.

C. 1982 1% SALES AND USE TAX (SPECIAL REVENUE FUND)

The proceeds of the 1982 1% sales and use tax levied by the Town of Independence (current collections were \$183,701 for the year ended June 30, 2001) are dedicated as follows:

Constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works for the Town, constructing, paving, widening, and improving streets in the Town and for construction, acquiring, extending, improving, operating and/or maintaining waterworks facilities.

The Town, through its governing authority, adopted a resolution on September 13, 1994, authorizing the issuance of \$244,000 Sales Tax Refunding Bonds, Series 1994, and entering into certain covenants in connection with the security and payment of said bonds. In that resolution the proceeds of the 1982 1% sales and use tax were irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

The 1% sales and use tax authorized at a special election held on November 28, 1981, must be deposited as collected into a separate Sales Tax Fund - 1982. Monies in the Sales Tax Fund - 1982 shall be first used for the payment of all reasonable and necessary costs and expenses of collecting said tax. After payment of all reasonable and necessary costs of collection of the tax, certain monthly payments must be made from the Sales Tax Fund - 1982 to the Sales Tax Bond Sinking Fund - 1994, and the Sales Tax Bond Reserve Fund - 1994, which have been established with the Town's fiscal agent bank.

These funds are maintained in two separate interest-bearing accounts. The required monthly payments into the sinking fund are made in amounts sufficient to pay the principal and interest installments currently and will continue monthly until June, 2008, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payment into the sinking fund. The required monthly payments into the Reserve Fund are five percent (5%) of the amount required to be deposited into the Sinking Fund and will cease after the amount of \$24,400 has been accumulated therein. No payments into the Reserve Fund will be due after accumulation of \$24,400, unless there is a default in connection with the payment of the bonds which requires withdrawal from this fund for the purpose of paying maturing principal and interest on the bonds. Any monies remaining in the Sales Tax 1982 Fund on the 20th day of each month after making the required payments into the Sales Tax Bond Sinking Fund - 1994 and the Sales Tax Bond Reserve Fund - 1994 for the current month and for prior months during which the

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

required payments may not have been made, is considered as surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring bonds herein authorized in advance of their maturities.

Balances in the Sales Tax Sinking Fund - 1994 and the Sales Tax Reserve Fund - 1994 were in accordance with the bond covenants.

11. FLOW OF FUNDS: RESTRICTIONS ON USE - SEWER REVENUES

The Town, through its governing authority, adopted a resolution on February 25, 1980, authorizing the issuance of \$102,000 of Revenue Bonds and entering into certain covenants in connection with the security and payment of said bonds. The proceeds of these bonds are to be used to extend the Town's sewer system. In that resolution the additional revenues resulting from the extension of water and sewer service to additional customers were irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes.

Additionally, the Town, through its governing authority, adopted a resolution on March 11, 1997, authorizing the issuance of \$975,000 Sewer Revenue Bonds issued on a complete parity with the outstanding \$45,000 of Revenue Bonds dated April 21, 1980 referred to in the first paragraph above, and entering into certain covenants in connection with the security and payment of said bonds. The proceeds of these bonds are to be used to finance a portion of the cost of acquiring and constructing improvements, extensions and replacements to the Town's sewerage system.

The bond resolutions require that revenues earned from the operation of the Sewer System be deposited with the Town's fiscal agent bank in a Sewer Revenue Fund. After the payment of all reasonable and necessary costs and expenses of operating and maintaining the system, certain monthly payments must be made from the Sewer Revenue Fund as follows:

Each month, there will be set aside into a fund called the "Sewer Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. The payments will continue monthly until December 2037, unless bonds are called in advance of their maturity dates, in which event it is possible to reduce the required payments into the sinking fund.

There shall also be set aside into a "Sewer Reserve Fund" an amount equal to 5% of the principal and interest payments required during the current fiscal year until such fund reaches an amount of \$60,000. On January 1, 2005, the reserve requirement is to be reduced to \$52,650. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Fund and as to which there would otherwise be default.

Funds will also be set aside into a Sewer Depreciation and Contingency Fund at the rate of \$318 per month. Money in this Fund may be used for the making of repairs or replacements to the system which are necessary to keep it in operating

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

condition.

Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

Balances in the Sewer Revenue Sinking Fund, Sewer Reserve Fund, and Sewer Depreciation Fund were in accordance with the bond covenants.

12. EMPLOYEES PENSION PLAN (OTHER THAN POLICE OFFICERS)

All Town of Independence full-time employees, with the exception of police officers, participate in the Louisiana Municipal Retirement System - Plan A ("System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2001 was \$192,542; the Town's total payroll was \$354,829.

All Town full-time employees, with the exception of police officers, are eligible to participate in the System. Members are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by years of creditable service providing he meets one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Employee is age 55 and has twenty-five (25) years or more of creditable service.
3. Employee is age 60 with a minimum of ten (10) or more years of creditable service. However, benefits are reduced by three (3%) percent for each year below age 62.
4. Employee is under age 60 with five (5) years of creditable service and is eligible for disability benefits.
5. Entitlement to survivor's benefits require five (5) years of creditable service at the time of the death of a member.

Final compensation means the average monthly earnings during the highest thirty-six months (36) or joined months of service if interrupted. Benefits are established by state statute.

The contribution rate for employees is 9.25% of earnable compensation and is established by state statute.

The employer contribution rate is 5.75% of members earnings. The System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions. The remaining employer contributions are determined according to actuarial requirements and are set annually.

The Town's total payroll in the fiscal year ended June 30, 2001, was \$354,829, and the Town's contributions were based on a payroll of \$192,542. Both the Town and the covered employees made the required contributions, amounting to \$29,844. There were no related party transactions.

Trend Information

Contributions required by state statute:

Fiscal Year <u>June 30</u>	Required <u>Contribution</u>	Percentage <u>Contribution</u>
1999	\$ 27,157	100%
2000	\$ 28,249	100%
2001	\$ 29,844	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)925-4810.

All employees of the Town of Independence, Louisiana are also members of the Social Security System.

13. EMPLOYEES PENSION PLAN (POLICE OFFICERS)

Full-time police employees of the Town of Independence participate in the Municipal Police Employees Retirement System ("Police System"), a multiple-employer public employee retirement system. The payroll for employees covered by the Police System for the year ended June 30, 2001, was \$354,829; the Town's total payroll was \$80,880.

All Town police employees who participate in the plan shall be eligible for retirement if he has 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Retirement benefits are equal to 3 1/3 percent of average final compensation multiplied by the number of years of creditable service and is payable monthly for life. Average final compensation is the average annual earned compensation of an employee for any period of thirty-six successive or joined months of service during which the earned compensation was the highest. Benefits are not considered fully vested until the employee has attained both the age and years of service requirements which entitle them to regular retirement benefits. The Police System also provides death and disability benefits. Benefits are established by state statute.

The contribution rate for employees is 7.50% of earnable compensation and is established by state statute.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The employer contribution rate is 9.00% of members earnings.

The Town's total payroll in the fiscal year ended June 30, 2001, was \$354,829, and the Town's contributions were based on a payroll of \$80,880. Both the Town and the covered employees made the required contributions, amounting to \$15,127. There were no related party transactions.

Trend Information

Contributions required by state statute:

<u>Fiscal Year June 30</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
1999	\$ 11,650	100%
2000	\$ 14,372	100%
2001	\$ 15,127	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225)929-7411.

All employees of the Town of Independence, Louisiana are also members of the Social Security System.

14. ON BEHALF PAYMENTS MADE BY STATE OF LOUISIANA

For the year ended June 30, 2001, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and firemen. In accordance with GASB 24, the Town has recorded \$22,500 of on behalf payments as revenue and as expenses in the General Fund, as follows:

<u>Department</u>	<u>Amount</u>
Police	\$ 10,800
Fire	<u>11,700</u>
Total	<u>\$ 22,500</u>

15. ENTERPRISE FUND DEFICIT

At June 30, 2001, the Enterprise Fund had a deficit in retained earnings - unreserved - undesignated of \$217,608, but due to contributed capital, total fund equity was \$2,610,499 at June 30, 2001.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. SEGMENTS OF ENTERPRISE ACTIVITIES

Some services provided by the Town of Independence are financed by user charges - sewerage system and water system. The significant financial data for these enterprises are as follows:

	<u>Water System</u>	<u>Sewerage System</u>	<u>Total</u>
Operating Revenues	\$133,303	\$ 144,783	\$ 278,086
Depreciation	\$ 18,541	\$ 84,503	\$ 103,044
Operating Income (Loss)	\$ 20,045	\$ (70,023)	\$ (49,978)
Operating Grants	\$ -	\$ -	\$ -
Operating Transfers Out	\$(50,204)	\$ -	\$ (50,204)
Taxes	\$ -	\$ -	\$ -
Net Income (Loss)	\$(10,124)	\$ (1,710)	\$ (11,834)
Working Capital	\$104,005	\$ 117,580	\$ 221,585
Change in Capital Contributions	\$ -	\$ -	\$ -
Property, Plant and Equipment:			
Additions	\$ -	\$ 175,220	\$ 175,220
Deletions	\$ -	\$ -	\$ -
Total Assets	\$524,347	\$3,183,544	\$3,707,891
Obligations Payable	\$ -	\$ -	\$ -
Revenue Bonds Payable	\$ -	\$ 990,349	\$ 990,349
Equity	\$452,444	\$2,158,055	\$2,610,499

17. COMPLIANCE WITH CERTIFICATES OF INDEBTEDNESS COVENANTS

The Town through its governing authority, adopted a resolution on November 10, 1998, authorizing the issuance of Certificates of Indebtedness Series 1999 in an amount not to exceed \$350,000 for resurfacing and improving public streets in the Town. That resolution contained certain covenants and agreements in connection with the security and payment of the certificates. The major covenants contained in the resolution and the manner in which the Town has complied with these covenants is described as follows:

Audit Requirements - In the resolution the Town is required to cause an audit of its records and accounts to be made no later than three (3) months after the close of each fiscal year.

As of June 30, 2001, the Town was in compliance with this resolution covenant as it was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2001.

Sinking Fund - In the resolution the Town is required to create a special fund to be known as "Town of Independence, State of Louisiana, Certificate of Indebtedness, Series 1999, Sinking Fund" to be used for payment of the principal of and the interest on the certificates. The Town is required to deposit in the Sinking Fund funds fully sufficient to promptly pay the maturing principal and/or interest so falling due on such date.

TOWN OF INDEPENDENCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

As of June 30, 2001, the Town was in compliance with this resolution covenant.

Other Requirements - The resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 2001, the Town was in compliance with these other resolution covenants in all material respects.

18. FUND EQUITY-PRIOR PERIOD ADJUSTMENT

Adjustments necessary to record sales and use tax revenue at the beginning of the year are reported as prior period adjustments in the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balances as a result of implementing the revenue recognition requirements of GASB Statement No. 33 on non-exchange transactions.

SUPPLEMENTARY INFORMATION AND SCHEDULES

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments
which are not required to be accounted for in another fund.

TOWN OF INDEPENDENCE
GENERAL FUND

EXHIBIT F

COMPARATIVE BALANCE SHEET

June 30, 2001 and 2000

ASSETS

	<u>2001</u>	<u>2000</u>
Cash	\$ 112,997	\$ 107,688
Investments	75,771	25,000
Accrued Interest Receivable	630	519
Ad Valorem Taxes Receivable, Net of Allowance	923	923
Public Utility Franchise Tax Receivable	11,132	10,908
Due from Other Governmental Units	4,772	15,129
Other Receivables	-	-
Due from Other Funds	<u>50,386</u>	<u>32,797</u>
Total Assets	<u>\$ 256,611</u>	<u>\$ 192,964</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts Payable	\$ 39,380	\$ 36,565
Payroll Taxes Payable	11,583	1,126
Accrued Payroll	2,367	2,533
Accrued Employee Leave	6,545	6,545
Due to Other Funds	<u>32,791</u>	<u>39,703</u>
Total Liabilities	\$ 92,666	\$ 86,472
Fund Balance (Deficits)		
Unreserved - Undesignated	<u>163,945</u>	<u>106,492</u>
Total Liabilities and Fund Balance	<u>\$ 256,611</u>	<u>\$ 192,964</u>

See auditor's report.

TOWN OF INDEPENDENCE
GENERAL FUND

EXHIBIT F-1

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	2001		VARIANCE -	2000
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
Revenues				
Taxes - Ad Valorem				
General Millage	\$ 32,149	\$ 36,618	\$ 4,469	\$ 31,902
Fire Department Millage	26,792	28,701	1,909	26,159
Police Department Millage	26,792	28,755	1,963	26,209
Licenses and Permits				
Occupational	69,200	89,374	20,174	84,126
Public Utility				
Franchise Fees	45,000	54,601	9,601	45,827
Other Permits	4,200	6,382	2,182	3,550
Intergovernmental				
Tobacco Taxes	-	2,122	2,122	8,490
Beer Taxes	4,417	4,851	433	5,562
Video Poker Taxes	-	-	-	-
Fire Insurance Rebate	3,450	-	(3,450)	7,661
Revenue Equalization - Pilot	5,000	4,270	(730)	4,581
FEMA Grant	-	-	-	37
Rural Development Grants	-	-	-	12,500
Louisiana Commission on Law Enforcement	-	4,653	4,653	2,007
Tourist Commission	9,587	14,587	5,000	5,000
Rural Fire Protection	10,000	10,000	-	12,500
Fines and Forfeits	15,000	16,043	1,043	4,398
Other				
Notices	-	1,260	1,260	1,267
Rental Income	25,200	25,200	-	25,200
Sewer Fund Reimbursement	-	-	-	-
On behalf payments by State	25,200	22,500	(2,700)	25,200
Solid Waste	75,616	75,302	(314)	75,626
Interest	8,000	6,276	(1,724)	5,205
Miscellaneous	-	10,786	10,786	1,065
Total Revenues	<u>\$ 385,603</u>	<u>\$ 442,281</u>	<u>\$ 56,678</u>	<u>\$ 414,072</u>
Expenditures				
Current				
General Government	\$ 202,965	\$ 221,477	\$ (18,512)	\$ 207,141

(CONTINUED)

TOWN OF INDEPENDENCE
GENERAL FUND

EXHIBIT F-1
(CONTINUED)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		VARIANCE - FAVORABLE (UNFAVORABLE)	<u>2000</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
Public Safety -				
Police	\$ 159,277	\$ 153,489	\$ 5,788	\$ 142,993
Fire	93,965	90,988	2,977	89,382
Streets and Parks	104,126	97,107	7,019	104,707
Solid Waste	86,723	87,307	(584)	90,823
Other	18,287	12,048	6,239	4,653
Debt Service	7,612	13,520	(5,908)	-
Capital Outlay	<u>105,600</u>	<u>41,438</u>	<u>64,162</u>	<u>26,460</u>
Total Expenditures	<u>\$ 778,555</u>	<u>\$ 717,374</u>	<u>\$ 61,181</u>	<u>\$ 666,159</u>
Deficiency of Revenues Over Expenditures	\$ (392,952)	\$ (275,093)	\$ 117,859	\$ (252,087)
Other Financing Sources (Uses)				
Capital Lease Obligation	32,600	-	(32,600)	-
Operating Transfers				
In (Out)				
Debt Service Fund	(6,000)	-	6,000	-
Sales Tax Fund (1966)	160,000	160,000	-	125,000
Sales Tax Fund (1982)	122,612	122,612	-	55,000
Water and Sewer Fund	49,750	50,204	454	33,173
Innovative Housing Fund	(2,400)	-	2,400	-
LHFA Rehab	-	7	7	-
Law Enforcement	<u>-</u>	<u>(277)</u>	<u>(277)</u>	<u>-</u>
Total Other Financing Sources	<u>\$ 356,562</u>	<u>\$ 332,546</u>	<u>\$ 24,016</u>	<u>\$ 213,173</u>
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses - Before Prior Period Adjustments	<u>\$ (36,390)</u>	<u>\$ 57,453</u>	<u>\$ 93,843</u>	<u>\$ (38,914)</u>
Prior Period Adjustments:				
Correction of Insurance Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,429)</u>
Change in fund Balance	(36,390)	57,453	93,843	(54,343)
Fund Balance at Beginning of Year	<u>106,492</u>	<u>106,492</u>	<u>-</u>	<u>160,835</u>
Fund Balance at End of Year	<u>\$ 70,102</u>	<u>\$ 163,945</u>	<u>\$ 93,843</u>	<u>\$ 106,492</u>
See auditor's report.				

TOWN OF INDEPENDENCE
GENERAL FUND

EXHIBIT F-2

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		VARIANCE - FAVORABLE (UNFAVORABLE)	<u>2000</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
General Government:				
Mayor's Salary	\$ 10,800	\$ 10,367	\$ 433	\$ 10,500
Aldermen's Salary	11,250	11,062	188	10,250
Town Clerk	26,021	23,594	2,427	23,832
Retirement and Payroll Tax	8,349	10,418	(2,069)	10,932
Audit and Accounting	21,000	25,555	(4,555)	22,420
Legal Fees	15,000	16,135	(1,135)	3,688
Insurance	60,500	75,856	(15,356)	76,642
Dues and Advertisement	5,000	5,442	(442)	5,752
Office Supplies and Expense	10,000	9,375	625	8,021
Utilities	15,000	14,657	343	11,449
Telephone	2,500	1,958	542	1,775
Tax Roll Preparation	1,350	1,451	(101)	1,459
Meetings and Conventions	5,000	5,539	(539)	4,506
Repairs and Maintenance	8,000	3,822	4,178	4,710
Lease	495	1,648	(1,153)	1,174
Miscellaneous	-	1,564	(1,564)	7,462
Coroner Fees	2,500	1,256	1,244	2,270
La. Comm. Law Enforcement	200	207	(7)	299
Election Expenditures	-	1,571	(1,571)	-
	<u>\$ 202,965</u>	<u>\$ 221,477</u>	<u>\$ (18,512)</u>	<u>\$ 207,141</u>
Public Safety - Police:				
Police Salaries	\$ 118,955	\$ 111,089	\$ 7,866	\$ 100,200
Police Retirement/Tax	8,827	8,196	631	7,711
Auto Fuel	12,000	9,632	2,368	8,036
Supplies, Repairs and Maintenance	8,500	9,177	(677)	13,408
Telephone	3,000	4,114	(1,114)	3,741
Utilities	5,100	6,113	(1,013)	4,998
Office Expense	500	460	40	1,218
Uniforms	1,725	2,445	(720)	1,964
Prisoner Meals/Housing	670	1,239	(569)	870
Miscellaneous	-	250	(250)	382
Training	-	700	(700)	-
Meetings and Conventions	-	74	(74)	465
	<u>\$ 159,277</u>	<u>\$ 153,489</u>	<u>\$ 5,788</u>	<u>\$ 142,993</u>

(Continued)

TOWN OF INDEPENDENCE
GENERAL FUND

EXHIBIT F-2
Continued

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS) - (CONTINUED)

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		<u>VARIANCE -</u>	<u>2000</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
Public Safety - Fire:				
Salaries	\$ 82,026	\$ 82,522	\$ (496)	\$ 79,749
Retirement and Payroll Tax	5,239	3,396	1,843	4,813
Fuel	1,200	1,422	(222)	2,298
Utilities and Telephone	400	-	400	51
Supplies and Repairs	4,100	2,390	1,710	1,459
Uniforms	<u>1,000</u>	<u>1,258</u>	<u>(258)</u>	<u>1,012</u>
	<u>\$ 93,965</u>	<u>\$ 90,988</u>	<u>\$ 2,977</u>	<u>\$ 89,382</u>
Total Public Safety	\$ 253,242	\$ 244,477	\$ 8,765	\$ 232,375
Streets and Parks:				
Salaries	\$ 64,390	\$ 50,652	\$ 13,738	\$ 36,704
Retirement and Payroll Tax	2,736	2,363	373	1,521
Fuel	3,000	2,320	680	2,827
Supplies and Repairs	6,500	12,024	(5,524)	7,837
Street Lights	<u>27,500</u>	<u>29,748</u>	<u>(2,248)</u>	<u>25,091</u>
	<u>\$ 104,126</u>	<u>\$ 97,107</u>	<u>\$ 7,019</u>	<u>\$ 73,980</u>
Solid Waste	<u>\$ 86,723</u>	<u>\$ 87,307</u>	<u>\$ (584)</u>	<u>\$ 79,605</u>
Other:				
Animal Control	\$ 3,200	\$ 3,264	\$ (64)	\$ -
Depot	5,500	6,849	(1,349)	5,741
Demolition - Building	-	1,885	(1,885)	4,500
Expenditure of Grant	<u>9,587</u>	<u>50</u>	<u>9,537</u>	<u>-</u>
	<u>\$ 18,287</u>	<u>\$ 12,048</u>	<u>\$ 6,239</u>	<u>\$ 10,241</u>
Debt Service:				
Tractor	\$ 7,612	\$ 7,189	\$ 423	\$ 4,719
Police Car	<u>-</u>	<u>6,331</u>	<u>(6,331)</u>	<u>-</u>
	<u>\$ 7,612</u>	<u>\$ 13,520</u>	<u>\$ (5,908)</u>	<u>\$ 4,719</u>
Capital Outlay:				
Tractor	32,600	-	32,600	-
Public Safety-Police	-	1,050	(1,050)	11,529
General Government	25,000	2,768	22,232	4,795
Public Safety-Fire	3,000	3,000	-	-
Streets and Parks	15,000	12,074	2,926	20,032
Maintenance Building	<u>30,000</u>	<u>22,546</u>	<u>7,454</u>	<u>-</u>
	<u>\$ 105,600</u>	<u>\$ 41,438</u>	<u>\$ 64,162</u>	<u>\$ 36,356</u>
Total Expenditures	<u>\$ 778,555</u>	<u>\$ 717,374</u>	<u>\$ 61,181</u>	<u>\$ 590,687</u>

See auditor's report.

SPECIAL REVENUE FUNDS

1966 Sales Tax Fund - To account for the receipt and use of proceeds of the Town's original 1% sales and use tax effective August 1, 1966. The proceeds of the tax are to be dedicated and used for the purpose of constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewerage disposal works, recreational facilities, public parks, public buildings and fire department stations and equipment, including fire engines and payment of salaries for fire department personnel; and maintaining and operating the municipal police department and garbage collection and disposal facilities including the purchase of equipment therefor; acquiring industrial plant sites and purchasing or constructing within the municipality or adjoining areas or areas outside of the corporate limits of the municipality, but within the Parish of Tangipahoa, industrial plant buildings and other necessary property, appurtenances or equipment, therefor, or for any one or more of said purposes.

1982 Sales Tax Fund - To account for the receipt and use of proceeds of the Town's additional 1% sales and use tax adopted on January 19, 1982. The proceeds of the tax are to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works for the Town; constructing, paving, widening and improving streets in and for the Town; and constructing, acquiring, extending, improving, operating and/or maintaining waterworks facilities.

The proceeds from this sales tax have been pledged and dedicated to the retirement of the \$244,000 Sales Tax Refunding Bonds, Series 1994, issued on October 20, 1994. Final payment on this bond issue is due June 1, 2008.

LCDBG - Economic Development - 87 Fund - To account for the receipt of Grant proceed and subsequent expenditure of an economic development loan to Marco Polo Imports, Inc. The source of the funding is a FY 1986 LCDBG Economic Development Contract in the amount of \$649,000 between the Town of Independence and the Division of Administration of the State of Louisiana. The proceeds from the repayment of the loan are dedicated 50% repayment to the grantor and 50% to be used for economic development within the Town.

Innovative Housing Fund - To account for the receipt and subsequent expenditure in the form of loans to property owners for the Historical District renovation. The proceeds are dedicated to the renovation of property, when adequate funds are available to disburse to property owners.

Health and Safety Rehabilitation Fund - To account for the receipt and use of grant proceeds in the amount of \$129,100 awarded to the Town by the Louisiana Housing Finance Agency. These Health and Safety Rehabilitation Grants are awarded to qualifying elderly, disabled and low income individuals to rehabilitate substandard housing in the Town.

TOWN OF INDEPENDENCE
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2001
With Comparative Totals for the Year June 30, 2000

	ASSETS				HEALTH AND SAFETY REHABILITATION FUND	TOTALS	
	1% SALES TAX (1966)	1% SALES TAX (1982)	LCDBG ECONOMIC DEVELOPMENT (1987)	INNOVATIVE HOUSING		2001	2000
Cash	\$ 100,466	\$ 158,109	\$ 5,890	\$ 48,667	\$ -	\$ 313,132	\$ 442,968
Investments	100,618	100,618	93,260	189,132	-	483,628	243,990
Notes Receivable, Net of Allowance for Doubtful Accounts	-	-	-	384,929	-	384,929	399,001
Accrued Interest Receivable	612	612	1,717	3,522	-	6,463	4,847
Sales Taxes Receivable	29,580	29,580	-	-	-	59,160	35,500
Due From General Fund	-	-	-	32,791	-	32,791	35,191
Due From Innovative Housing Fund	-	-	-	1,000	-	1,000	1,000
Total Assets	\$ 231,276	\$ 288,919	\$ 100,867	\$ 660,041	\$ -	\$ 1,281,103	\$ 1,162,497
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,135	\$ -	\$ 6,135	\$ -
Due to Other Funds	-	-	856	24,464	1,007	26,327	1,863
Sales Tax Collection Fee Payable	92	92	-	-	-	184	230
Total Liabilities	\$ 92	\$ 92	\$ 856	\$ 30,599	\$ 1,007	\$ 32,646	\$ 2,093
Fund Balances							
Unreserved							
Designated	\$ -	\$ -	\$ 100,011	\$ 629,443	\$ -	\$ 729,454	\$ 704,796
Undesignated	231,184	288,826	-	-	(1,007)	519,003	455,608
Total Fund Balances	\$ 231,184	\$ 288,826	\$ 100,011	\$ 629,443	\$ (1,007)	\$ 1,248,457	\$ 1,160,404
Total Liabilities and Fund Balances	\$ 231,276	\$ 288,919	\$ 100,867	\$ 660,041	\$ -	\$ 1,281,103	\$ 1,162,497

See auditor's report.

TOWN OF INDEPENDENCE
SPECIAL REVENUE FUNDS

EXHIBIT C-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the Year Ended June 30, 2001
With Comparative Totals for the Year June 30, 2000

	1% SALES TAX (1966)	1% SALES TAX (1982)	LCDBG ECONOMIC DEVELOPMENT (1987)	INNOVATIVE HOUSING	HEALTH AND SAFETY REHABILITATION FUND	TOTALS 2001	2000
Revenues							
Taxes	\$ 183,701	\$ 183,701	\$ -	\$ -	\$ -	\$ 367,402	\$ 325,090
Intergovernmental	-	-	-	-	-	-	-
Interest	9,650	15,031	5,413	22,102	-	52,196	38,331
Assignment of Lien	-	-	-	-	-	-	-
Total Revenues	\$ 193,351	\$ 198,732	\$ 5,413	\$ 22,102	\$ -	\$ 419,598	\$ 363,421
Expenditures							
General Government	\$ 2,688	\$ 2,708	\$ 2,356	\$ 1,500	\$ -	\$ 9,252	\$ 4,614
Other	-	-	-	-	-	-	-
Total Expenditures	\$ 2,688	\$ 2,708	\$ 2,356	\$ 1,500	\$ -	\$ 9,252	\$ 4,614
Excess (Deficiency) of Revenues Over Expenditures	\$ 190,663	\$ 196,024	\$ 3,057	\$ 20,602	\$ -	\$ 410,346	\$ 358,807
Other Sources (Uses)							
Operating Transfers	(160,000)	(191,615)	-	1,000	(1,007)	(351,622)	(289,231)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 30,663	\$ 4,409	\$ 3,057	\$ 21,602	\$ (1,007)	\$ 58,724	\$ 69,576
Fund Balances at Beginning of Year	185,856	269,752	96,954	607,841	-	1,160,403	1,090,828
Prior Period Adjustment	14,665	14,665	-	-	-	29,330	-
Fund Balances at End of Year	\$ 231,184	\$ 288,826	\$ 100,011	\$ 629,443	\$ (1,007)	\$ 1,248,457	\$ 1,160,404

See auditor's report.

TOWN OF INDEPENDENCE
SPECIAL REVENUE FUNDS
1% SALES TAX FUND (1966)

EXHIBIT G-2

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		<u>VARIANCE -</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>	<u>2000</u>
			<u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
Revenues				
Taxes				
Sales Taxes	\$ 158,000	\$ 183,701	\$ 25,701	\$ 162,545
Miscellaneous				
Interest Revenue	<u>5,700</u>	<u>9,650</u>	<u>3,950</u>	<u>3,964</u>
Total Revenues	<u>\$ 163,700</u>	<u>\$ 193,351</u>	<u>\$ 29,651</u>	<u>\$ 166,509</u>
Expenditures				
General Government	\$ <u>1,500</u>	\$ <u>2,688</u>	\$ (<u>1,188</u>)	\$ <u>2,057</u>
Total Expenditures	<u>\$ 1,500</u>	<u>\$ 2,688</u>	<u>\$ (1,188)</u>	<u>\$ 2,057</u>
Excess of Revenues Over Expenditures	\$ 162,200	\$ 190,663	\$ 28,463	\$ 164,452
Other Financing Sources (Uses)				
Operating Transfers Out				
General Fund	<u>\$(160,000)</u>	<u>\$(160,000)</u>	<u>\$ -</u>	<u>\$(125,000)</u>
Total Other Uses	<u>\$(160,000)</u>	<u>\$(160,000)</u>	<u>\$ -</u>	<u>\$(125,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$ 2,200	\$ 30,663	\$ 28,463	\$ 39,452
Fund Balance at Beginning of Year	185,856	185,856	-	146,404
Prior Period Adjustment	<u>-</u>	<u>14,665</u>	<u>14,665</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 188,056</u>	<u>\$ 231,184</u>	<u>\$ 43,128</u>	<u>\$ 185,856</u>

See auditor's report.

TOWN OF INDEPENDENCE
SPECIAL REVENUE FUNDS
1% SALES TAX FUND (1982)

EXHIBIT G-3

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		<u>VARIANCE -</u>	<u>2000</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>ACTUAL</u>
Revenues				
Taxes				
Sales Taxes	\$ 158,000	\$ 183,701	\$ 25,701	\$ 162,545
Miscellaneous				
Interest Revenue	<u>10,500</u>	<u>15,031</u>	<u>4,531</u>	<u>10,131</u>
Total Revenues	<u>\$ 168,500</u>	<u>\$ 198,732</u>	<u>\$ 30,232</u>	<u>\$ 172,676</u>
Expenditures				
General Government	<u>\$ 1,500</u>	<u>\$ 2,708</u>	<u>\$ 1,208</u>	<u>\$ 2,557</u>
Total Expenditures	<u>\$ 1,500</u>	<u>\$ 2,708</u>	<u>\$ 1,208</u>	<u>\$ 2,557</u>
Excess of Revenues Over Expenditures	\$ 167,000	\$ 196,024	\$ 29,024	\$ 170,119
Other Financing Sources (Uses)				
Operating Transfers Out				
General Fund	\$(122,612)	\$(122,612)	\$ -	\$ (55,000)
Debt Service Fund	(71,735)	(69,003)	2,732	(80,171)
Sewer Fund	<u>(12,500)</u>	<u>-</u>	<u>12,500</u>	<u>-</u>
Total Other Uses	<u>\$(206,847)</u>	<u>\$(191,615)</u>	<u>\$ 15,232</u>	<u>\$(135,171)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	\$(39,847)	\$ 4,409	\$ 44,256	\$ 34,948
Fund Balance at Beginning of Year	269,752	269,752	-	234,804
Prior Period Adjustment	<u>-</u>	<u>14,665</u>	<u>14,665</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 229,905</u>	<u>\$ 288,826</u>	<u>\$ 58,921</u>	<u>\$ 269,752</u>

See auditor's report.

TOWN OF INDEPENDENCE
SPECIAL REVENUE FUNDS
LCDBG - ECONOMIC DEVELOPMENT - 87 FUND

EXHIBIT G-4

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>		<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>2000 ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
Revenues				
Grant Funds Recognized	\$ -	\$ -	\$ -	\$ -
Interest Revenue	<u>5,750</u>	<u>5,413</u>	<u>(337)</u>	<u>6,061</u>
Total Revenues	<u>\$ 5,750</u>	<u>\$ 5,413</u>	<u>\$ (337)</u>	<u>\$ 6,061</u>
Expenditures				
Administrative Fees	\$ 1,500	\$ -	\$ 1,500	\$ -
Audit and Accounting	1,500	1,500	-	-
Other	-	-	-	-
Obligation to Division of Administration	-	-	-	-
Capital Development	-	-	-	-
Industrial Development Dues	<u>900</u>	<u>856</u>	<u>44</u>	<u>-</u>
Total Expenditures	<u>\$ 3,900</u>	<u>\$ 2,356</u>	<u>\$ 1,544</u>	<u>\$ -</u>
Excess of Revenues Over Expenditures	\$ 1,850	\$ 3,057	\$ 1,207	\$ -
Other Financing Sources (Uses)				
Operating Transfers In (Out)				
Street Construction	-	-	-	(29,060)
Excess (Deficiency) of Revenues over Expenditures and Other Uses	1,850	3,057	1,207	(22,999)
Fund Balance at Beginning of Year	<u>96,954</u>	<u>96,954</u>	<u>-</u>	<u>119,953</u>
Fund Balance at End of Year	<u>\$ 98,804</u>	<u>\$ 100,011</u>	<u>\$ 1,207</u>	<u>\$ 96,954</u>

See auditor's report.

TOWN OF INDEPENDENCE
SPECIAL REVENUE FUNDS
INNOVATIVE HOUSING FUND

EXHIBIT G-5

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 2001
With Comparative Actual Amounts for the Year Ended June 30, 2000

	<u>2001</u>			<u>2000</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
Revenues				
Interest Income	\$ 18,000	\$ 22,102	\$ 4,102	\$ 18,175
Assignment of Lien	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	\$ <u>18,000</u>	\$ <u>22,102</u>	\$ <u>4,102</u>	\$ <u>18,175</u>
Expenditures				
Administration	\$ 1,500	\$ -	\$ 1,500	\$ -
Audit and Accounting	1,500	1,500	-	-
Maintenance	<u>14,500</u>	<u>-</u>	<u>14,500</u>	<u>-</u>
Total Expenditures	\$ <u>17,500</u>	\$ <u>1,500</u>	\$ <u>16,000</u>	\$ <u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 500	\$ 20,602	\$ 20,102	\$ 18,175
Other Financing Sources (Uses)				
Operating Transfers In(Out)				
General Fund-Loan-Sidewalk	-	-	-	-
Debt Repayment General Fund	<u>2,400</u>	<u>1,000</u>	<u>(1,400)</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures and Other Uses	\$ 2,900	\$ 21,602	\$ 18,702	\$ 18,175
Fund Balance at Beginning of Year	<u>607,842</u>	<u>607,841</u>	<u>(1)</u>	<u>589,667</u>
Fund Balance at End of Year	\$ <u>610,742</u>	\$ <u>629,443</u>	\$ <u>18,701</u>	\$ <u>607,842</u>

See auditor's report.

DEBT SERVICE FUNDS

Sales Tax Refunding Bonds, Series 1994 - To accumulate monies for payment of the Sales Tax Refunding Bonds, Series 1994 due in annual installments, plus interest, through maturity in 2008. Debt service is financed from proceeds of a special 1% sales tax which was authorized at a special election held on November 28, 1981.

Certificates of Indebtedness, Series 2000 - To accumulate monies for payment of the Certificates of Indebtedness, Series 2000 due in annual installments, plus interest, through maturity in 2009. Debt service is financed from excess revenues of the Town above statutory, necessary and usual charges.

TOWN OF INDEPENDENCE
DEBT SERVICE FUNDS

EXHIBIT H

COMBINING BALANCE SHEET

June 30, 2001
With Comparative Totals for June 30, 2000

ASSETS

	CERTIFICATES OF INDEBTEDNESS SERIES 2000	SALES TAX REFUNDING BONDS SERIES 1994	TOTALS 2001	2000
Cash	\$ 15,646	\$ 27,414	\$ 43,060	\$ 41,709
Investments	-	46,365	46,365	45,000
Due from Other Funds	-	25,759	25,759	14,500
Accrued Interest Receivable	-	126	126	186
Total Assets	<u>\$ 15,646</u>	<u>\$ 99,664</u>	<u>\$115,310</u>	<u>\$101,395</u>

LIABILITIES AND FUND BALANCES

Liabilities				
Due to Other Funds	\$ 25,759	\$ -	\$ 25,759	\$ 14,500
Total Liabilities	<u>\$ 25,759</u>	<u>\$ -</u>	<u>\$ 25,759</u>	<u>\$ 14,500</u>
Fund Balances				
Reserved for Debt Service	\$(10,113)	\$ 99,664	\$ 89,551	\$ 86,895
Total Fund Balances	<u>\$ 15,646</u>	<u>\$ 99,664</u>	<u>\$115,310</u>	<u>\$101,395</u>

See auditor's report.

TOWN OF INDEPENDENCE
DEBT SERVICE FUNDS

EXHIBIT H-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the Year Ended June 30, 2001
With Comparative Totals for the Year Ended June 30, 2000

	CERTIFICATES OF INDEBTEDNESS <u>SERIES 2000</u>	SALES TAX REFUNDING BONDS <u>SERIES 1994</u>	<u>TOTALS</u> <u>2001</u>	<u>2000</u>
Revenues				
Interest	\$ 256	\$ 4,520	\$ 4,776	\$ 4,190
Total Revenues	\$ 256	\$ 4,520	\$ 4,776	\$ 4,190
Expenditures				
Principal Retirement	\$ 29,000	\$ 17,000	\$ 46,000	\$ 44,000
Interest	15,313	9,699	25,012	27,408
Other	111	-	111	-
Total Expenditures	44,424	26,699	71,123	71,408
Deficiency of Revenues Over Expenditures	\$(44,168)	\$(22,179)	\$(66,347)	\$(67,218)
Other Financing Sources (Uses)				
Operating Transfers In(Out)	34,055	34,948	69,003	80,172
Proceeds from Refunding Bonds	-	-	-	-
Payment to Refund Bonds	-	-	-	-
Excess of Revenues and Other Sources Over Expen- ditures and Other Uses	\$(10,113)	\$ 12,769	\$ 2,656	\$ 12,954
Fund Balances at Beginning of Year	-	86,895	86,895	73,941
Fund Balances at End of Year	\$(10,113)	\$ 99,664	\$ 89,551	\$ 86,895

See auditor's report.

ENTERPRISE FUND

Water and Sewer Enterprise Fund - To account for the provision of water, sewer, and other services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Town of Independence
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT I

COMBINING BALANCE SHEET
 June 30, 2001 and 2000

	ASSETS		TOTALS	
	WATER FUND	SEWER FUND	2001	2000
Current Assets				
Cash	\$ 115,480	\$ 112,927	\$ 228,407	\$ 213,800
Investments	31,955	-	31,955	30,000
Receivables				
Accounts Receivable	43,047	-	43,047	42,260
Less: Allowance for Uncollectible Accounts	(15,027)	-	(15,027)	(9,478)
Accrued Interest Receivable	453	409	862	709
Sales Tax Receivable	-	14,790	14,790	8,875
Due from Other Funds	-	24,594	24,594	25,500
Due from Other Governments	-	-	-	-
Total Current Assets	\$ <u>175,908</u>	\$ <u>152,720</u>	\$ <u>328,628</u>	\$ <u>311,666</u>
Restricted Assets				
Cash - \$290,000 Revenue Bond Debt Service Account	\$ -	\$ 24,861	\$ 24,861	\$ 49,761
Cash - \$102,000 Revenue Bond Debt Service and Contingency Account	-	45,165	45,165	49,033
Investments - \$102,000 Revenue Bond Debt Service and Contingency	-	60,309	60,309	10,000
Cash - Utility Customer - Deposit Account	<u>19,210</u>	<u>-</u>	<u>19,210</u>	<u>17,145</u>
Total Restricted Assets	\$ <u>19,210</u>	\$ <u>130,335</u>	\$ <u>149,545</u>	\$ <u>125,939</u>
Plant and Equipment, at Cost	\$1,014,569	\$3,592,070	\$ 4,606,639	\$ 4,581,419
(Less Accumulated Depreciation)	<u>(685,340)</u>	<u>(691,581)</u>	<u>(1,376,921)</u>	<u>(1,273,877)</u>
	\$ <u>329,229</u>	\$ <u>2,900,489</u>	\$ <u>3,229,718</u>	\$ <u>3,307,542</u>
Total Assets	\$ <u>524,347</u>	\$ <u>3,183,544</u>	\$ <u>3,707,891</u>	\$ <u>3,745,147</u>

(CONTINUED)

Town of Independence
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUNDS

EXHIBIT I
 (CONTINUED)

COMBINING BALANCE SHEET (CONTINUED)
 June 30, 2001 and 2000

LIABILITIES AND FUND EQUITY

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>	<u>2001</u>	<u>2000</u>
Liabilities					
Current Liabilities (Payable from Current Assets)					
Accounts Payable	\$ 2,967	\$ -	\$ 2,967	\$ 2,577	
Due to Other Funds	49,653	-	49,653	52,922	
Construction Contracts Payable	-	-	-	-	
Construction Retainage Payable	-	-	-	-	
Capital Lease Obligation	-	-	-	-	
Sales Tax Collection Fee Payable	73	46	119	58	
Total Current Liabilities					
(Payable from Current Assets)	\$ 52,693	\$ 46	\$ 52,739	\$ 55,557	
Current Liabilities (Payable from Restricted Assets)					
Revenue Bonds Payable	\$ -	\$ 33,434	\$ 33,434	\$ 31,976	
Accrued Bond Interest Payable	-	1,660	1,660	1,660	
Utility Customer Deposits	19,210	-	19,210	17,145	
Total Current Liabilities					
(Payable from Restricted Assets)	\$ 19,210	\$ 35,094	\$ 54,304	\$ 50,781	
Long-Term Liabilities					
Revenue Bonds Payable	\$ -	\$ 990,349	\$ 990,349	\$1,023,807	
Note Payable	-	-	-	-	
Capital Lease Obligation	-	-	-	-	
Total Long-Term Liabilities	\$ -	\$ 990,349	\$ 990,349	\$1,023,807	
Total Liabilities	\$ 71,903	\$1,025,489	\$1,097,392	\$1,130,145	
Fund Equity					
Contributed Capital					
Municipality	\$ 215,676	\$ 200,000	\$ 415,676	\$ 415,676	
Federal Grants	-	1,139,757	1,139,757	1,139,757	
State Grants	427,805	695,324	1,123,129	1,123,129	
Total Contributed Capital	\$ 643,481	\$2,035,081	\$2,678,562	\$2,678,562	
Retained Earnings					
Reserved for Revenue Bond Retirement	\$ -	\$ 95,241	\$ 95,241	\$ 75,158	
Unreserved - Undesignated (Deficit)	(191,037)	27,733	(163,304)	(138,718)	
Total Retained Earnings (Deficit)	(191,037)	122,974	(68,063)	(63,560)	
Total Fund Equity	452,444	2,158,055	2,610,499	2,615,002	
Total Liabilities and Fund Equity	\$ 524,347	\$3,183,544	\$3,707,891	\$3,745,147	

See auditor's report.

TOWN OF INDEPENDENCE
 PROPRIETARY FUNDS
 WATER AND SEWER ENTERPRISE FUND

EXHIBIT I-1

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS

For the Year Ended June 30, 2001
 With Comparative Actual Amounts for the Year Ended June 30, 2000

	WATER FUND	SEWER FUND	TOTALS 2001	2000
Operating Revenues				
Water and Sewer Services	\$ 133,303	\$ 144,783	\$ 278,086	\$ 279,868
Delinquent Charges	7,094	-	7,094	6,835
Connection Fees	500	450	950	1,251
Total Operating Revenues	<u>\$ 140,897</u>	<u>\$ 145,233</u>	<u>\$ 286,130</u>	<u>\$ 287,954</u>
Operating Expenses				
Salaries	\$ 27,745	\$ 37,797	\$ 65,542	\$ 45,798
Retirement and Medicare	1,155	1,651	2,806	1,430
Office Expense	4,676	298	4,974	3,314
Repairs and Maintenance	18,004	9,680	27,684	41,852
Fuel	2,534	2,297	4,831	5,490
Operating Supplies	703	1,610	2,313	9,049
Utilities	22,556	45,575	68,131	51,945
Insurance	3,509	2,259	5,768	5,332
Professional Fees	1,776	14,198	15,974	30,666
Miscellaneous	35	-	35	60
Sewer Plant Expense	-	13,678	13,678	5,767
Depreciation	18,541	84,503	103,044	101,939
Sales Tax Collection Fee Expense	-	594	594	528
Bad Debts	5,586	-	5,586	96
Engineering Fees	14,032	1,113	15,145	-
Total Operating Expenses	<u>\$ 120,852</u>	<u>\$ 215,253</u>	<u>\$ 336,105</u>	<u>\$ 303,266</u>
Operating Income (Loss)	\$ 20,045	\$ (70,020)	\$ (49,975)	\$ (15,312)
Non-Operating Income (Expense)				
Interest Earned	8,105	11,816	19,921	13,296
Dedicated Sales Tax	-	91,851	91,851	77,266
Interest Expense	-	(47,857)	(47,857)	(49,346)
State Grant	11,930	12,500	24,430	-
Income (Loss) Before Operating Transfers	\$ 40,080	\$ (1,710)	\$ 38,370	\$ 25,904
Operating Transfers Out	(50,204)	-	(50,204)	(33,173)
Net Income (Loss)	\$(10,124)	\$ (1,710)	\$ (11,834)	\$ (7,269)
Retained Earnings (Deficits)				
Beginning of Year	(180,913)	117,351	(63,562)	(56,291)
Prior Period Adjustment	-	7,333	7,333	-
End of Year	<u>\$(191,037)</u>	<u>\$ 122,974</u>	<u>\$ (68,063)</u>	<u>\$ (63,560)</u>

See auditor's report.

TOWN OF INDEPENDENCE
PROPRIETARY FUNDS
WATER AND SEWER ENTERPRISE FUNDS

COMBINING STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2001 and 2000

	WATER FUND	SEWER FUND	2001	2000
Cash Flows From Operating Activities				
Operating Income (Loss)	\$ 20,045	\$ (70,020)	\$ (49,975)	\$ (15,312)
Adjustments to Reconcile Operating				
Loss to Net Cash Used in Operating Activities				
Depreciation	18,541	84,503	103,044	101,939
Changes in Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(787)	-	(787)	(1,081)
(Increase) Decrease in Sales Tax Receivable	-	(5,915)	(5,915)	(4,842)
(Increase) Decrease in Accrued Interest Receivable	40	(193)	(153)	50
Increase (Decrease) in Provision for Bad Debts	5,549	-	5,549	96
Increase (Decrease) in Accounts Payable	390	-	390	(79)
Increase (Decrease) in Customer Deposits Payable	2,065	-	2,065	885
Increase (Decrease) in Accrued Expenses	-	-	-	32
Increase (Decrease) in Sales Tax Collection				
Fee Payables		72	(13)	59
Total Adjustments	\$ 25,870	\$ 78,382	\$ 104,252	\$ 97,000
Net Cash Used in Operating Activities	\$ 45,915	\$ 8,362	\$ 54,277	\$ 81,688
Cash Flows From Noncapital Financing Activities				
Increase (Decrease) in Due to Other Funds	\$ (3,269)	\$ -	\$ (3,269)	\$ (23,188)
(Increase) Decrease in Due from Other Funds	-	906	906	(5,461)
(Increase) Decrease in Due from Other Governments	-	-	-	-
Operating Transfers In	-	-	-	-
Operating Transfers Out	(50,204)	-	(50,204)	(33,173)
Net Cash Provided by Noncapital				
Financing Activities	\$ (53,473)	\$ 906	\$ (52,567)	\$ (61,822)

(CONTINUED)

TOWN OF INDEPENDENCE
PROPRIETARY FUNDS
WATER AND SEWER ENTERPRISE FUNDS

COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended June 30, 2001 and 2000

	WATER FUND	SEWER FUND	2001	2000
Cash Flows From Capital and Related Financing Activities				
Construction of Capital Assets	\$ -	\$ (23,220)	\$ (23,220)	\$ (10,814)
Proceeds from Sale of Bond Anticipation Notes	-	-	-	-
Purchase of Equipment	-	(2,000)	(2,000)	(5,454)
Proceeds from Sale of Sewer Revenue Bonds	-	-	-	-
Capital Lease Obligation Principal Paid	-	-	-	-
Dedicated Sales Tax Revenue (1/2% 1980 Tax)	-	91,851	91,851	77,266
Prior Period Adjustment - GASB 33	-	7,333	7,333	-
Revenue Bond Principal Paid	-	(32,000)	(32,000)	(30,560)
Interest Paid	-	(47,857)	(47,857)	(49,346)
Purchase of Land	-	-	-	-
Capital Grants Received	-	11,930	12,500	24,430
		9,400		
Net Cash Provided by Capital and Related Financing Activities	\$ 11,930	\$ 6,607	\$ (18,537)	\$ (9,508)
Cash Flows From Investing Activities				
Interest Earned on Investments	\$ 8,105	\$ 11,816	\$ 19,921	\$ 13,296
Purchase of Investments		(31,955)	(60,309)	(92,264)
(80,000)				
Proceeds from Maturities of Investments	30,000	10,000	40,000	80,000
Net Cash Provided by Investing Activities	\$ 6,150	\$ (38,493)	\$ (32,343)	\$ 13,296
Increase in Cash	\$ 10,522	\$ (22,618)	\$ (12,096)	\$ 23,654
Cash at Beginning of Year	124,168	205,571	329,739	306,085
Cash at End of Year	\$ 134,690	\$ 182,953	\$ 317,643	\$ 329,739
Reconciliation of Cash Accounts				
Unrestricted Cash	\$ 115,480	\$ 112,927	\$ 228,407	\$ 213,200
Restricted Cash	19,210	70,026	89,236	115,939
	\$ 134,690	\$ 182,953	\$ 317,643	\$ 329,739

See auditor's report.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

TOWN OF INDEPENDENCE

EXHIBIT JCOMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS - BY SOURCES

June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
General Fixed Assets, at Cost		
Land	\$ 64,500	\$ 64,500
Buildings	364,811	340,081
Machinery and Equipment	<u>227,784</u>	<u>221,300</u>
Total General Fixed Assets	<u>\$ 657,095</u>	<u>\$ 625,881</u>
Investment in General Fixed Assets		
Donations	\$ 12,426	\$ 12,426
Municipal Funds	491,085	460,921
Federal Grants	17,723	17,723
State Grants	<u>135,861</u>	<u>134,811</u>
Total Investment in General Fixed Assets	<u>\$ 657,095</u>	<u>\$ 625,881</u>

See auditor's report.

TOWN OF INDEPENDENCE

EXHIBIT J-1

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

For the Year Ended June 30, 2001

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>MACHINERY AND EQUIPMENT</u>
General Fixed Assets, Beginning of Year	\$ 625,881	\$ 64,500	\$ 340,081	\$ 221,300
Additions				
Municipal Funds	30,164	-	24,730	5,434
State Grant	1,050	-	-	1,050
Federal Grant	-	-	-	-
Reductions				
Municipal Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Fixed Assets, End of Year	\$ <u>657,095</u>	\$ <u>64,500</u>	\$ <u>364,811</u>	\$ <u>227,784</u>

See auditor's report.

GENERAL LONG-TERM DEBT
ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payments of maturing obligations, including interest, are accounted for in the debt service funds.

COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT

June 30, 2001 and 2000

	<u>TOTALS</u>	
	<u>2001</u>	<u>2000</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE PAYMENT OF GENERAL LONG-TERM DEBT		
Amount Available in Debt Service Funds for Debt Retirement	\$125,424	\$ 86,708
Amount to be Provided from Repayment of Note Receivable	-	-
Amount to be Provided in Future Years from General Fund Revenues	267,241	307,501
Amount to be Provided in Future Years from 1% Sales Tax	<u>42,335</u>	<u>86,791</u>
Total Available and to be Provided	<u>\$435,000</u>	<u>\$481,000</u>
GENERAL LONG-TERM DEBT PAYABLE		
Obligation Under Grant Agreement	\$ -	\$ -
Certificate of Obligation, Final Maturity 1/01/2009	293,000	322,000
Note Payable, Final Maturity 10/27/1997	-	-
Sales Tax Refunding Bonds, Series 1994, Final Maturity 6/1/2008	<u>142,000</u>	<u>159,000</u>
	<u>\$435,000</u>	<u>\$481,000</u>

See auditor's report.

OTHER SUPPLEMENTARY INFORMATION SCHEDULES

SCHEDULE OF CHANGES IN ASSETS
RESTRICTED FOR REVENUE BOND DEBT SERVICE

TOWN OF INDEPENDENCE

SCHEDULE 1

SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE

For the Year Ended June 30, 2001

With Comparative Totals for the Year Ended June 30, 2000

	\$975,000 REVENUE BONDS, DECEMBER 16, 1997				\$290,000 REVENUE BONDS, APRIL 21, 1980				TOTAL	
	CURRENT DEBT SERVICE	FUTURE DEBT SERVICE	CONTINGENCY	TOTAL	CURRENT DEBT SERVICE	FUTURE DEBT SERVICE	CONTINGENCY	TOTAL	2001	2000
Balance at Beginning of Year										
Cash	\$ 3,450	\$13,412	\$32,170	\$ 49,032	\$20,700	\$ 29,061	\$ -	\$49,761	\$ 98,793	\$ 86,625
Investments	-	-	10,000	10,000	-	-	-	-	10,000	10,000
Total	\$ 3,450	\$13,412	\$42,170	\$ 59,032	\$20,700	\$ 29,061	\$ -	\$49,761	\$108,793	\$ 96,625
Receipts										
Transfer from Operating Account	\$59,181	\$ 262	\$42,325	\$101,768	\$20,120	\$ (24,267)	\$ -	\$ (4,147)	\$ 97,621	\$ 88,726
Interest	-	-	3,830	3,830	730	(783)	-	(53)	3,777	3,348
Total Receipts	\$59,181	\$ 262	\$46,155	\$105,598	\$20,850	\$ (25,050)	\$ -	\$ (4,200)	\$101,398	\$ 92,074
Total Available	\$62,631	\$13,674	\$88,325	\$164,630	\$41,550	\$ 4,011	\$ -	\$45,561	\$210,191	\$188,699
Disbursements										
Principal Payments	\$14,999	\$ -	\$ -	\$ 14,999	\$17,000	\$ -	\$ -	\$17,000	\$ 31,999	\$ 30,560
Interest Payments	44,157	-	-	44,157	3,700	-	-	3,700	47,857	49,346
Total Disbursements	\$59,156	\$ -	\$ -	\$ 59,156	\$20,700	\$ -	\$ -	\$20,700	\$ 79,856	\$ 79,906
Balance at End of Year										
Cash	\$ 3,475	\$13,674	\$28,016	\$ 45,165	\$20,850	\$ 4,011	\$ -	\$24,861	\$ 70,026	\$ 98,793
Investments	-	-	60,309	60,309	-	-	-	-	60,309	10,000
Total	\$ 3,475	\$13,674	\$88,325	\$105,474	\$20,850	\$ 4,011	\$ -	\$24,861	\$130,335	\$108,793

See auditor's report.

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

Town of Independence

SCHEDULE 2SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

June 30, 2001

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Hanover Insurance Co.	Standard Fire Insurance Town Hall, Fire Station #1, <u>Highway 51 North</u> Building Contents	\$158,000 \$ 25,000	02-16-2002 02-16-2002
Hanover Insurance Co.	Standard Fire Insurance Fire Station #2 <u>Calhoun Street</u> Building Contents	\$ 89,000 \$ 10,000	02-16-2002 02-16-2002
Progressive Insurance Co.	Commercial Auto Policy Comprehensive and Collision 1992 Chevrolet Pickup 2000 Chevrolet Pickup	ACV	05-14-2002
Rod Prejean and Associates	Standard Fire Insurance Police Station & Senior Citizen Center <u>Highway 51 North</u> Building	\$100,000	09-05-2001
Hanover Insurance Co.	Utility Building and Controls Buildings/Lift Stations	\$712,500	08-30-2001
Hanover Insurance Co.	Water Tower & Equipment Tower Pumping Equipment	\$ 56,000 \$ 52,000	02-16-2002 02-16-2002
Hanover Insurance Co.	Fire Station #3 Building	\$ 51,000	08-30-2001
LA Municipal Risk Management Agency	Commercial Auto Policy	\$500,000	05-01-2002
LA Municipal Risk Management Agency	Commercial General Liability Bodily Injury Property Damage Personal Injury	\$500,000 \$500,000 \$500,000	05-01-2002 05-01-2002 05-01-2002
LA Municipal Risk Management Agency	Law Enforcement Officers Comprehensive Liability, Personal Injury	\$500,000	05-01-2002
LA Municipal Risk Management Agency	Public Officials Liability Errors and Omissions	\$500,000	05-01-2002
LA Municipal Risk Management Agency	Workmen's Compensation	\$ -	01-01-2002
Western Surety	Fidelity Bond Tina Forrest, Town Clerk	\$ 80,000	07-01-2001
Western Surety	Fidelity Bond Jamie Easley, Asst. Town Clerk	\$ 80,000	04-01-2002
Western Surety	Public Official Bonds Mayor Philip Domiano	\$200,000	10-03-2001
Rod Prejean & Assoc.	Public Official Bonds Per Employee	\$100,000	05-07-2002

(Continued)

Town of Independence

SCHEDULE 2

Continued

SCHEDULE OF INSURANCE COVERAGE IN FORCE (UNAUDITED)

June 30, 2001

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Hanover Insurance Co.	Commercial Fire Policy Head Start Building	\$137,000	07-18-2001
Audubon Insurance Co.	Commercial Coverage Backhoe	\$ 26,729	11-20-2001

See auditor's report.

SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

Town of Independence
SCHEDULE OF COMPENSATION PAID ELECTED OFFICIALS

SCHEDULE 3

June 30, 2001

Term of Office - July 1, 2000- June 30, 2001

<u>NAME</u>	<u>TITLE</u>	<u>COMPENSATION PAID</u>
Phillip F. Domiano, Mayor	Mayor	\$ 10,800.00
P. O. Box 812	Street Commissioner	\$ 28,181.40
Independence, Louisiana 70443		
(985) 878-2930		
John J. Polito, Sr.	Fire Chief	\$ 25,346.88
P. O. Box 763		
Independence, Louisiana 70443		
(985) 878-2702		
Louis L. Joseph	Alderman	\$ 2,125.00
P. O. Box 621		
Independence, Louisiana 70443		
(985) 878-4711		
Joseph Guzzardo	Alderman	\$ 1,937.50
P. O. Box 545		
Independence, Louisiana 70443		
(985) 878-4664		
Parnell R. Baham	Alderman	\$ 2,187.50
P. O. Box 1282		
Independence, Louisiana 70443		
(985) 878-9356		
George Guzzardo	Alderman	\$ 2,250.00
P. O. Box 295		
Independence, Louisiana 70443		
(985) 878-4979		
Steve "Eddie" Anthony	Alderman	\$ 2,000.00
P. O. Box 723		
Independence, Louisiana 70443		
(985) 878-4152		
Jessie C. Pingno	Police Chief	\$ 25,346.88
P. O. Box 191		
Independence, Louisiana 70443		
(985) 878-4966		

See auditor's report.

WATER AND SEWER RATE SCHEDULE

Town of Independence

SCHEDULE 4WATER AND SEWER RATE SCHEDULE

June 30, 2001

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>WATER</u>	<u>GARBAGE</u>	<u>FIRE SERV I</u>	<u>POLICE SERV II</u>	<u>SEWER</u>	<u>TAX</u>
No Charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residential (1)	36.61	5.50	9.44	3.50	2.50	15.50	0.17
Residential (2)	73.21	11.00	18.88	7.00	5.00	31.00	0.33
Residential (3)	109.82	16.50	28.32	10.50	7.50	46.50	0.50
Residential (4)	146.42	22.00	37.76	14.00	10.00	62.00	0.66
Outside-water (1)	17.51	17.00	0.00	0.00	0.00	0.00	0.51
Outside-water (2)	35.02	34.00	0.00	0.00	0.00	0.00	1.02
Outside-water (3)	52.53	51.00	0.00	0.00	0.00	0.00	1.53
Outside-water & sewer	33.01	17.00	0.00	0.00	0.00	15.50	0.51
Outside-no sewer	21.11	5.50	9.44	3.50	2.50	0.00	0.17
	11.67	5.50	0.00	3.50	2.50	0.00	0.17
Commercial-Washateria	30.77	9.00	0.00	3.50	2.50	15.50	0.27
Head Start	281.21	9.00	9.44	3.50	2.50	256.50	0.27
	27.17	5.50	0.00	3.50	2.50	15.50	0.17
	54.33	11.00	0.00	7.00	5.00	31.00	0.33
	63.77	11.00	9.44	7.00	5.00	31.00	0.33
Car Wash-Indy Jet Spray	52.06	20.50	9.44	3.50	2.50	15.50	0.62
Car Wash-C&G	42.62	20.50	0.00	3.50	2.50	15.50	0.62
	39.94	9.00	9.44	3.50	2.50	15.50	0.00
French Settlement	103.33	100.00	0.00	0.00	0.00	0.00	3.00
Mater Dolorosa	440.25	177.75	0.00	3.50	2.50	256.50	0.00
Indy Middle School	476.62	214.12	0.00	3.50	2.50	256.50	0.00
Indy Elem School	528.00	265.50	0.00	3.50	2.50	256.50	0.00
Indy High School	543.37	280.87	0.00	3.50	2.50	256.50	0.00
Starscape Inc.	157.59	153.00	0.00	0.00	0.00	0.00	4.59

(CONTINUED)

Town of Independence

SCHEDULE 4(CONTINUED)WATER AND SEWER RATE SCHEDULE (CONTINUED)

June 30, 2001

<u>DESCRIPTION</u>	<u>TOTAL</u>	<u>WATER</u>	<u>GARBAGE</u>	<u>FIRE SERV I</u>	<u>POLICE SERV II</u>	<u>SEWER</u>	<u>TAX</u>
Lallie Kemp Hospital	1,033.50	750.00	0.00	0.00	0.00	283.50	0.00
Housing Authority	2,113.52	319.00	547.52	203.00	145.00	899.00	0.00
Tax-exempt	36.44	5.50	9.44	3.50	2.50	15.50	0.00
Residential (8)	292.84	44.00	75.52	28.00	20.00	124.00	1.32
LA Medical & Surgical	100.00	50.00	0.00	0.00	0.00	50.00	0.00
Residential (5)	183.03	27.50	47.20	17.50	12.50	77.50	0.83

'Delinquent fee \$5.00

See auditor's report.

SCHEDULE OF WATER AND SEWER INFORMATION

SCHEDULE OF WATER AND SEWER INFORMATION

June 30, 2001

AGED ACCOUNTS RECEIVABLE

As of June 30, 2001, accounts receivable from water and sewer billings were aged as follows:

<u>CURRENT</u>	<u>OVER 30 DAYS</u>	<u>OVER 60 DAYS</u>	<u>OVER 90 DAYS</u>	<u>TOTAL</u>
<u>\$28,120</u>	<u>\$ 6,374</u>	<u>\$ 2,860</u>	<u>\$ 5,793</u>	<u>\$43,147</u>

WATER AND SEWER USERS

As of June 30, 2001, water and sewer users were composed of the following:

	<u>WATER</u>	<u>SEWER</u>
Residential	649	571
Non-Residential	<u>46</u>	<u>46</u>
Total Users	<u>695</u>	<u>617</u>

OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS AND RECOMMENDATIONS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
• A PROFESSIONAL CORPORATION •
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA
Dennis E. James, CPA

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Jessie Travis-Gill, CPA
Manager-Amite Office

Society of Louisiana
Certified Public Accountants

August 3, 2001

Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit of General Purpose
Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Phillip F. Domiano, Mayor
and the Members of the Board of Aldermen
Town of Independence, Louisiana

We have audited the general purpose financial statements of the Town of Independence, Louisiana, as of and for the year ended June 30, 2001, and have issued our report thereon dated August 3, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Independence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and recommendations as item 00-1.

Internal Control Over Financial Reporting

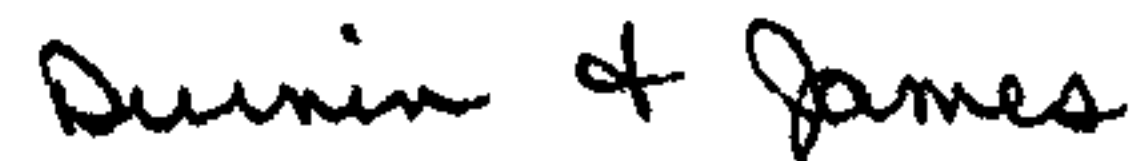
In planning and performing our audit, we considered the Town of Independence's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving

TOWN OF INDEPENDENCE

the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James".

DURNIN & JAMES, CPA's
(A Professional Corporation)

FINDINGS AND RECOMMENDATIONS

Town of Independence

CURRENT YEAR AUDIT FINDINGS

For the Year Ended June 30, 2001

FINDINGS AND RECOMMENDATIONS

Compliance Findings

01-01 - Delinquent Sewer Customers

During our audit of sewer service revenues, we noted 48 customers with charges for current services each of whom had delinquent balances ninety days and older. Section 11 of the resolution adopted by the Town Council authorizing the issuance of \$975,000 sewer revenue bonds requires "the failure of any individual, partnership or corporation to pay said combined charge for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Issuer will cause to be shut off service to the affected premises; and that the Issuer and this Governing Authority and its officials, agents and employees will do all things necessary and will take advantage of all remedies afforded by law to collect and enforce the prompt payment of all charges made for services rendered by the System."

FINDING:

The Town is not discontinuing service to delinquent sewer customers as required by Section 11 of the \$975,000 Sewer Revenue Bond Authorizing Resolution. This condition has been noted in prior years. Improvement is needed in this area to make sure the Town complies with the bond covenants and all provisions of the authorizing resolution. The cause of this condition appears to be failure on the part of Town officials to monitor delinquent customer accounts and to discontinue service when appropriate. As a result, the bond covenant and provisions in the authorizing resolution are not being followed.

RECOMMENDATION:

We recommend that Town officials review the provisions of the authorizing resolution and monitor the status of delinquent sewer customers on a daily basis to discontinue service to delinquent customers when required.

MANAGEMENT'S RESPONSE:

In management's corrective action plan dated September 30, 2001, the Mayor indicated that the utility clerk would be instructed to review the provisions of the authorizing resolution regarding delinquent customers and would provide a list to the sewer utility foreman to discontinue service to delinquent customers when required by the authorizing resolution.

Internal Control Findings

None

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

Town of Independence

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2001

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
01-01	The town has not strictly enforced its water and sewer disconnect policies	The town will enforce these policies.	Mayor Domiano	06-30-02

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Town of Independence

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2001

Ref. #	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action	Plan Corrective Action -	Additional Explanation
			Taken	Partial Corrective Action Taken	
99-1	6/30/99	The town did not establish a separate sinking fund account for the Certificates of Indebtedness, Series 1999	Yes	Town established a separate fund as required.	-

Durnin & James

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HAMMOND, LA • AMITE, LA

John N. Durnin, CPA
Dennis E. James, CPA

Jessie Travis-Gill, CPA
Manager-Amite Office

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LEGISLATIVE AUDITOR

01 OCT 12 AM 9:37
Member
American Institute of
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Society of Louisiana
Certified Public Accountants

October 1, 2001

The Honorable Phillip F. Domiano, Mayor
and Members of the Board of Aldermen
Town of Independence, Louisiana

We have audited the general purpose financial statements of the Town of Independence for the year ended June 30, 2001, and have issued our report thereon dated August 3, 2001. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated May 11, 2000 our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Town of Independence. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Independence's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town of Independence are described in Note 1 to the general purpose financial statements. One new accounting policy (GASB 33) was adopted and the application of existing policies were accordingly changed during the year ended June 30, 2001. We noted no transactions entered into by the Town of

Independence during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

Management's estimate of the allowance for doubtful accounts is based on historical water and sewer revenues, historical loss levels, and an analysis of the collectibility of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the proprietary fund-type financial statements taken as a whole.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Town of Independence that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed several audit adjustments related to accounts receivable and accounts payable. The corrections were not considered material in relation to the individual fund-type financial statements of the Town of Independence taken as a whole. The Town has agreed to the proposed audit adjustments and will record the adjustments in the accounting records of the Town of Independence for the year ended June 30, 2001.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 50, "Reports on the Application of Accounting Principles."

Town of Independence
October 1, 2001
Page Three

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

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Respectfully submitted,

Durnin & James

DURNIN & JAMES, CPA's
(A Professional Corporation)

DEJ/dhp